



## EUROPEAN NEWS

## Russia admits Afghanistan 'interference'

BY DAVID SATTER IN MOSCOW

A SENIOR Soviet commentator, Mr. Alexander Bovin, has acknowledged that the Marxist Government in Afghanistan lacks mass support and that the Soviet invasion was interference in Afghanistan's internal affairs. His article on Afghanistan is the frankest yet to appear in the Soviet Press.

Mr. Bovin, the chief commentator for the Government newspaper *Izvestia*, wrote in a recent issue of the English-language weekly *Moscow News* that the Soviet Union knew the invasion would be unpopular, but

entered Afghanistan to prevent the "anti-imperialist revolution" from being drowned in the "blood of the revolutionaries".

All previous Soviet official statements have stressed that the Soviet Union sent troops to Afghanistan to help the "legal Government" deter "foreign aggression". The supposed ability of the West to end this "external aggression" has been the basis for a series of Soviet "peace" proposals which have received wide attention in the West.

Mr. Bovin, however, in an argument apparently aimed at Communists in the West and the Third World, acknowledged that the Moscow insurgents in Afghanistan were not foreign agents but Afghans, and that the rebels, far from being restricted to "gangs and criminals," had the support of a noticeable part of the peasantry.

The Soviet Union was obliged to support the Afghan revolution, Mr. Bovin said. The "down-trodden and ignorant

peasantry" does not lend itself easily to "revolutionary transformation," but to have let the revolution be defeated would have meant seeing Afghanistan turned into a "kind of Shah's Iran."

Mr. Bovin said the Marxist regime did not perhaps "lean on the movement of the masses," but the "political vanguard" in Afghanistan seized power because they could "not sit idly by on the shore of a vast sea of human suffering."

Democrats, humanists and "even revolutionaries" who

claim to be "outraged" by the Soviet intervention should understand that "if you are against Soviet military aid to revolutionary Afghanistan then you are for the victory of the counter-revolution."

Mr. Bovin said that non-interference in the affairs of another country is a "good thing," but the principles of international law do not exist in a "vacuum." There are situations where "non-interference is a shame and a betrayal. Such a situation developed in Afghanistan."

## Nine get together on summer time

By John Wyles in Brussels

BRITAIN, IRELAND and the continental members of the EEC are close to an historic agreement on a common date for the start of summer time. This would greatly help the timetable problems of international airlines, railways and tourists.

But while they may be able to reduce the frequent time changes between Britain, Ireland and continental Europe, the Nine have not yet managed to agree on a common date for turning the clocks back at the end of summer.

Here there is a basic conflict between the taste for long daylight hours in north-west Europe and the desire elsewhere to avoid dark early mornings.

As a result, Britain and Ireland are likely to stick with October 26 as the end of summer time while the rest of the EEC remains faithful to September 26, the date on which many of their summer time rail schedules come to an end.

At their meeting in Luxembourg on June 24 EEC Transport Ministers are expected to approve a directive requiring member states to introduce summer time in the last week of March in 1981 and 1982.

They have encountered a problem for 1983 for which the proposed date will be Palm Sunday, which West Germany and France claim coincides with the start of important school holidays and raises, as a result, railway timetabling problems.

The European Commission has been trying to encourage harmonisation of summer time for several years but was unable to make much progress until all of the Nine actually introduced it. This happened for the first time this year when West Germany ceased to be the laggard.

West Germany had been unable to follow the other eight in embracing summer time until it had persuaded East Germany to do likewise, since an hour difference between West and East Berlin could have created considerable havoc.

## Dockworkers' strike blocking 60% of Sweden's exports

BY WILLIAM DUFFLOR, NORDIC EDITOR, IN STOCKHOLM

THE SWEDISH dockers' strike, which entered its 18th day yesterday with no settlement in sight, is blocking about 60 per cent of the country's exports, and costing exporters about SKr 2.5bn (£200m) in weekly income, according to official estimates.

The strike is also affecting the Stockholm stock market, where share prices have fallen by some 2 per cent since the middle of the month.

Companies are frantically searching for alternative shipping routes. Volvo has cancelled plans to lay off about 8,000 workers in Gothenburg since it has started to ship cars and trucks through Frederikstad in Norway, and has stepped up deliveries to the continent by road and rail.

But the north Swedish pulp and paper companies, which are worst hit by the strike, will start laying off workers next week. Svenska Cellulosa has given notice to 1,800 workers, and MoDo expects to send 500 home. Piktington will have to close its float glass operation next week and lay off 70 of the 250 employees at its Halmstad factory, unless it can obtain

dispensation from the union to unload five ships waiting with raw materials in the harbour. In Gothenburg 800 out of 1,100 dock workers are on strike, and have virtually closed the port. The car ferries are still operating from the south Swedish ports of Malmö and Helsingborg, but no freighters are being discharged or loaded. The 20 dockers on strike in Malmö are preventing the remaining 180 from working.

The strike is organised by the small Harbour Workers' Union which is not a member of the blue-collar unions' federation, the LO, and is therefore not a party to the pay settlement concluded on May 12 between the LO and the employers' association.

The 2,400 members of the Harbour Workers' Union are calling for a 10 per cent pay increase and the right to negotiate their own agreement with the employers, instead of having to hang on to the coat tails of the 45,000-strong Transport Workers' Union. This has the right to negotiate contracts for harbour workers, although it controls only a minority of dockers.

## Fears over germ war capacity

By David Tonge

WESTERN governments are still concerned that the Soviet Union has developed germ warfare agents in contravention of a treaty signed in 1972 banning biological weapons. In March this year there were reports that hundreds of Russians had died in April 1979 after anthrax germs escaped from a military installation near Sverdlovsk, a town in the Urals closed to foreigners.

The United States has made persistent requests for an explanation, but yesterday the State Department was reported as saying: "As of this time, our concerns regarding the incident have not been alleviated."

The Soviet Union has insisted that the deaths were from gastric anthrax, caused by contaminated beef. But Western governments believe that the number of deaths and the speed with which they occurred do not support the Soviet claim. Western intelligence reports received in the past two months suggest that the deaths were caused by pulmonary anthrax, spread after a leak from a stock of the bacteria.

Western disarmament experts say that this would be the first time that the Soviet Union had flouted a treaty it had signed. They are concerned at the implications for the broader process of arms control.

According to the U.S. Defence Intelligence Agency, a Soviet military commander killed himself after the accident.

## Bonn cool to wider trade ban on Moscow

BY ROGER BOYES IN BONN

HIGH-LEVEL economic talks between the Soviet Union and West Germany yesterday demonstrated Moscow's strong need for further supplies of Western technology to prop up parts of its ailing economy. At the same time Bonn officials made clear that a comprehensive embargo on sales of technology to the Soviet Union would also hit the West German economy.

The talks between Mr. Nikolai Tikhonov, the Soviet Deputy Premier, and Count Otto Lambsdorff, the West German Economics Minister, touched on the effects of a trade embargo and a tightening of NATO's "Cocom" list of banned high technology exports to Moscow. Both were U.S. proposals initiated after the Soviet invasion of Afghanistan. But the two ministers concentrated more on long-term economic co-operation in energy and raw materials, offshore technology,

mining and metallurgical machinery.

Bonn repeated its belief that trade between West and East Europe should continue, and even be increased, despite the Afghanistan crisis. Count Lambsdorff has just returned from economic talks in Romania and Hungary.

The Soviet visit also has an important political dimension. Mr. Tikhonov is the most senior Soviet official to visit Bonn since the Afghan invasion, and he will meet Chancellor Helmut Schmidt today.

The interdependence of the Soviet and West German economies was underlined by figures released by the Economics Ministry yesterday. They show that West Germany imported DM 1.7bn (£407m) worth of goods, mainly oil and gas, from the Soviet Union in the first quarter, a rise of over 29 per cent against the same period last year, while West

German exports, chiefly machinery and steel products, were worth DM 1.6bn, an increase of over 23 per cent.

A study released yesterday by the IFO economic research institute shows how hard a technology embargo would hurt the Soviet economy. In an analysis of 14 major German technology deals with Moscow, IFO concluded that the Soviet Union is some 10 years behind Germany in automated assembly and robot production, in specialist machine construction and in electronics.

The Soviet Union buys German technology for immediate use, and also as a model to imitate for the development of its own products, or to avoid lengthy and costly domestic development of plant in areas where capacity is short. Contracts with Germany and other Western countries are also often coupled with attractive service and training guarantees.



Mr. Nikolai Tikhonov talks with Count Lambsdorff on trade embargo.

## Analysts doubt Soviet targets will be met

BY LESLIE COLTIT IN BERLIN

A WEST GERMAN analysis of the Soviet economy doubts whether it will attain its planned 4 per cent growth target this year, even if agriculture achieves its goal of 9 per cent higher output.

The German Institute of Economic Research (DIW) in West Berlin notes that this year's officially projected 4 per cent growth in produced national income compares with only 1.5 per cent actual growth which the Soviet economy achieved last year, the lowest since 1945. It says the 3.5 per cent growth in output per

worker officially intended to be reached this year is to be achieved mainly by productivity increases. Last year output per worker rose only 0.5 per cent, according to the DIW's interpretation of Soviet statistics.

The same barriers as in the past continue to stand in the way of improved productivity in the Soviet Union, DIW says. It lists them as rigidity in the economic apparatus, waste of energy and raw materials, lack of innovation, insufficient labour discipline and shortcomings in the organisation of production.

In addition, it says, there is uncertainty over domestic

energy supplies and external factors such as the development of relations with the West.

The institute's Comcon section notes in the analysis that the Soviet Union wants to expand primary energy supplies by 4.5 per cent this year after actual growth of only 3 per cent last year when the target figure was 5 per cent.

Industrial production this year is to rise, according to Soviet planning, by 4.5 per cent after expanding by 3.5 per cent last year against a 5.5 per cent target. The chemical industry in particular is supposed to increase output by 9 per cent after

growing 1 per cent last year. Mechanical engineering is to remain the leading industrial sector with a planned growth this year of 6.5 per cent against 8 per cent last year.

DIW says reform measures were introduced last year designed to improve the effectiveness of industrial and agricultural investments. Capital spending last year rose 2 per cent according to official figures, after a planned growth of 4.5 per cent. This year total investments are to go up by 3 per cent with a 5 per cent investment target for agricultural

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## Pope begins French visit today

By Rupert Cornwell in Rome

AFTER A break of 176 years, a Pope today sets foot in France. The four-day visit of John Paul II will be the first by a Pope since the trip of Pius VII for Napoleon's coronation as Emperor which ended in a brief and inglorious imprisonment at Fontainebleau.

The relationship between the Papacy and French Catholicism has grown much easier and, in a television message this week, John Paul went out of his way to revive the ancient description of France as the "eldest daughter" of the Church, as if to emphasise its special position.

The trip itself has aroused some veiled criticism for its spectacular style. The Pope will be ferried by helicopter from Orly Airport to be greeted in the Champs-Élysées by President Giscard d'Estaing. After a Mass at Notre Dame, John Paul will end his first day with a trip down the Seine on a "bateau mouche" steamer.

The Pope is clearly concerned at the state of the French Church, which has suffered from a sharp decline in church-going in recent years, and an even greater fall in the number of priests ordained.

John Paul spoke on French television of the "crisis of faith" in French Catholicism and will be seeking to inspire a revival with his presence.

## Inflation slows down in Turkey

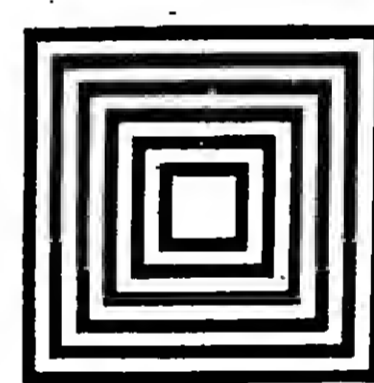
By Metin Munir in Ankara

INFLATION SLOWED down in Turkey last month amid indications that the economy has started to feel some benefits from the draconian stabilisation measures introduced by Mr. Süleyman Demirel, the free enterprise-oriented Prime Minister, four months ago.

The wholesale price index rose 2.3 per cent in April compared to 4.4 per cent in March, 32.2 per cent in February and 9.2 per cent in January this year. April was the lowest rate of inflation in 16 months.

There are other signs of improvement. Shortages have largely been eliminated, manufacturing capacity has risen and prices of many industrial raw materials and consumer items have started coming down as the tight control on money supply and the curb on public spending have dampened.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates \$300 per annum. Second Class postage paid at New York, N.Y., and at additional mailing offices.



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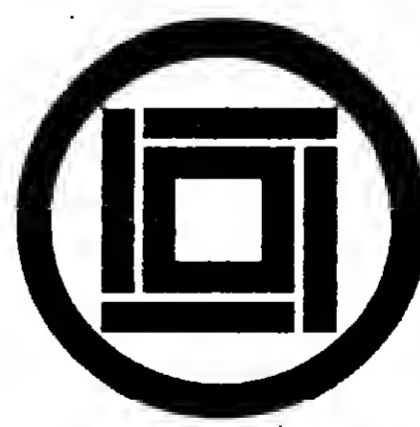
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The Ordinary General Stockholders Meeting has approved the Balance Sheet for the year 1979 which closed with profits amounting to 4.6 billion lire after having set aside reserve funds for 125 billion lire.

The share capital, reserve funds and special contingency fund amount to 647 billion lire. Loans outstanding amount to 15,686 billion lire and bonds in circulation to 15,669 billion lire.



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The Ordinary General Stockholders Meeting has approved the Balance Sheet for the year 1979 which closed with the accounts in balance after having set aside reserve funds for 87 billion lire.

The share capital, reserve funds and special contingency fund amount to 316 billion lire.

During 1980 the share capital of the Istituto will increase from 21 billion lire to 210 billion lire, following the subscription by Stockholders of the entire capital increase voted last year.

Loans outstanding amount to 3,722 billion lire and bonds in circulation to 3,882 billion lire.

Financial Times Friday May 30 1980

## EUROPEAN NEWS

### Political feuds block key Italy bank appointments

BY RUPERT CORNWELL IN ROME

POLITICAL infighting between and inside the parties in the Italian Government has slowed to a virtual standstill the already delayed process of naming new chief executives to most of the country's chain of important regional savings banks.

Despite a host of promises to the contrary, Sig. Filippo Maria Pandolfi, the Treasury Minister and chairman of the inter-ministerial credit committee responsible for analysing the appointments, has managed only a snail's progress in resolving impasses which have seriously affected the banks' work.

Two meetings in the past week—after a series of increasingly embarrassing postponements—have settled but 27 of the 150 posts outstanding, one of which, that of the Ferrara savings bank, will have been unfilled for 13 years by this August. The most sensitive

appointments, covering the richest and largest savings banks, have been put back at least until after the regional elections on June 8.

These include several important banks in the Veneto region, objects of fierce interest to factions of the ruling Christian Democratic party, and the presidency of Cariplo, the Lombardy savings bank which, with \$25.6bn of deposits and funds administered, is Europe's largest savings bank and one of the biggest components of the Italian banking system.

The political importance of the banks derive above all from their key local influence, in areas which traditionally are power-bases of one or other of the three coalition parties: Socialists, Republicans or Christian Democrats—but most usually the latter.

As such, too, they are particularly attractive homes of

deposits for a still provincially-minded population. With total deposits of L64,800bn (£33.5bn), they attract almost a third of total deposits in the banking system.

However, the political feuding has underlined the problems of the entire banking system. One of the potentially most serious aspects is the risk of new political interference in the workings of the central bank, still smarting from last year's affair in which a Deputy Director-General imprisoned briefly on spurious allegations of misconduct in connection with the granting of loans to the bankrupt SIR chemical group.

It is the central bank's task to produce a short list of qualified candidates for the posts, but the politicians in some cases seem to be pressing for more candidates of their choice to be included.

### Portuguese warning on credit

By Our Lisbon Correspondent

STATE-OWNED banks will be penalised if they break the Bank of Portugal's strict credit guidelines, Sr. Anibal Cavaco Silva, the Finance Minister, said yesterday.

They have been consistently broken by the majority of banks since the beginning of the year, a situation which the Minister described as "worrying" during a seminar in Oporto on private investment.

Provisional Bank of Portugal figures show that in the first quarter of 1980 credit to the public and private sectors expanded by 10.5 per cent compared to the government target of 8 per cent. Total domestic credit issued during this period is valued at Esc 80bn compared to Esc 30bn a year ago.

Banks have been told that unless credit expansion is controlled in the second quarter they will be forced to increase the cash they have to deposit with the central bank.

The main stimulus for expansion has come from the public sector, although credit to the private sector has also been above the ceilings. Banks say a number of state companies have switched from foreign to domestic borrowing which has become cheaper following the 6 per cent revaluation of the escudo.

This development has highlighted the Government's difficulties in applying its short-term economic policies. The Finance Ministry recognises the need to control money supply for inflation reasons. But an excessive credit squeeze would go against the Government's push for higher growth and increased investment.

The Government, however, has indicated that it may issue Treasury bills through the Bank of Portugal in order to stimulate the growth of more open money market.

### TRAFFIC, DIRT, HOME SHORTAGES The Herculean task facing Lisbon's mayor

BY JIMMY BURNS IN LISBON

LISBON'S newly elected mayor sits amid chandeliers and velvet in the Municipal Palace. Behind him hangs a large painting of the Marques de Pombal, the 18th-century Prime Minister whom many Portuguese regard as their greatest. Flanked by his advisers, Pombal plans the rebuilding of Lisbon after the earthquake of 1755 left hardly a house standing.

Sr. Nuno Abecassis, Lisbon's first Christian Democrat mayor since the 1974 revolution, believes his task to be no less Herculean. When he took on the job after the Democratic Alliance's sweeping victory in the municipal elections last December, Abecassis found a capital in desperate need of repair.

Lisbon has earned itself the ungracious distinction of being Europe's smallest, most overcrowded, and dirtiest capital, with all the problems of a major metropolis and none of the advantages.

**Shanties**

About a quarter of Lisbon's 1m population live in cramped and unhygienic conditions, some 100,000 in "barracas" or shanty huts to and around the capital.

Lisbon is not just the capital of Portugal, it is the country's largest town and chief port. If the surrounding industrial zones are included, one in five Portuguese live in greater Lisbon and Portugal is as top-heavy as Greece.

The Portuguese voted in their first "free" local elections in 1976 but financial, administrative and political control has remained centralised in a state bureaucracy, inflated by democracy and decentralisation. The 1976 elections should have given local authorities power over planning and building but the obsession with finding a "national solution" to the "national solution" to Portugal's political and economic problems has kept local authorities as

cyphers, waiting for resources which never come.

The one problem spared the Lisbon council until now has been bankruptcy. "How could I inherit debts if my predecessors had no money to spend?" Sr. Abecassis said.

Portugal's ruling coalition of Social Democrats, Christian Democrats, and Monarchists is committed to devolving greater responsibility to the municipalities. Indeed, devolution is the one policy around which the coalition has managed to achieve consensus. The Government inherited two progressive laws which were approved last year by the parliamentary parties and which are designed to take devolution beyond mere theory. The Law of Local Finances sets aside a minimum of 18 per cent of the yearly national budget for local government; the Law of Local Government defines and extends the powers of local councillors and cuts through much red tape.

The Government has shown itself more generous with political than with financial devolution. "Transfers of funds are limited by the need to restrain the budget deficit, and thus inflation. After years of neglect, the local authorities themselves could not absorb and co-ordinate major funding. In the recently approved budget for 1980-81, the Government has set aside Esc 30.4bn (£270m) in transfers to the local authorities, or only 8 per cent of total public expenditures.

But for Sr. Abecassis, the political devolution stipulated in the Law of Local Government is a step in the right direction. He insists that his administration will break with the ideological wish-wash of his Socialist predecessors and opt instead for a pragmatic approach to the problems of every-day Lisbon.

**Local society**

To tackle the housing shortage, the Lisbon Municipality, one of Portugal's largest land owners, will offer large tracts of the city and its surroundings at cheap rates. It will screen construction projects to provide not "just the building of slabs but a fully integrated local society of shops, green areas, and sports and cultural facilities.

The municipality will then seek guarantees that a substantial proportion of the completed property will be put for sale or rent at "social" rather than "commercial" rents.

Sr. Abecassis claims Portugal's largely private construction industry have received the scheme warmly as a first incentive to invest since the revolution.

He believes that, in the next five to seven years, 150,000 new homes could eradicate a large part if not all of Lisbon's shanty problem.

Sr. Abecassis hopes that the housing scheme will leave the municipality with enough money over the next few years to tackle the problem of traffic.

"In a democracy, a government cannot prevent the people from coming into their capital. It can however try to divert them," Sr. Abecassis says. As a first step, he is studying a project that will involve extending the city's transport system to large car parks in the outskirts.

The municipality has already spent about Es 1bn in a partial extension of the Metropolitan underground line and intends to host Lisbon's bus fleet from 700 to 1,800 vehicles.

For the moment, shortage of funds will delay the Es 50m extension of Lisbon's ring and major access roads, many of which were left uncompleted at the revolution. But Sr. Abecassis' third priority, the "Clean up Lisbon Campaign" is well under way.

Less successful has been an attempt to whitewash the peeling posters and fading graffiti. Six years after the revolution, many Lisbonites believe that this "face-lift" "face-lift" smacks of censorship. It is an ideological problem which Sr. Abecassis would like to solve in a pragmatic way.

### African states 'to meet on Namibia'

By Our Foreign Staff

THE frontline African states seeking independence for Namibia are expected to hold a summit on the South African-ruled territory in Lusaka early next week.

According to Western diplomats, senior members of the Governments of Zambia, Angola, Botswana and probably Tanzania and Mozambique are expected to attend the meetings.

It is not yet clear whether the newly independent government of Zimbabwe will be represented. Nor is it clear whether the frontline states intend to launch a new initiative on Namibia currently the subject of a UN Western-backed settlement effort.

Mr. Sam Nujoma, President of the nationalist movement SWAPO, will today hold talks with Lord Carrington, the British Foreign Secretary, in London. Britain has been a leading member of the group of five Western states which spearheaded the UN initiative three years ago.

In Windhoek, the Namibian capital, Dr. Gerrit Viljoen, South African administrator-general of Namibia, yesterday accused Mr. Nujoma of making new demands aimed at delaying or wrecking the current settlement attempt.

At the United Nations, Angola has accused South Africa of using force to try to instal Angolan dissidents along a proposed demilitarised zone bordering Namibia.

Angola's permanent representative, Eliseo de Figueiredo, sent Dr. Kurt Waldheim, the UN Secretary-General, a letter saying that the most recent attack by South African forces on May 24 had left 200 Angolans dead and "countless injured, with untold material damage and destruction."

### FEARS FOR UNREST AND INSTABILITY IN MONROVIA

## Liberia pays the price for change

BY MARK WEBSTER, RECENTLY IN MONROVIA

IN THE clinging heat of the Liberian Supreme Court, one of five officers trying former members of President William Tolbert's Government, does quietly in his chair. A few feet in front of him, an ex-Deputy Minister of Justice sweats under the arclights of the television cameras as he stresses the good he has done during 10 years of Government service.

He is one of more than 100 officials from President Tolbert's administration awaiting trial since the bloody coup which brought Master Sergeant Samuel Doe to power on April 12. Thirteen ministers had already been tried and shot before Sgt. Doe agreed to stop the executions. Those found guilty of the broadly defined charge of treason now face a maximum of life imprisonment.

In the eerie silence of the empty courtroom, two or three people a day answer the standard questions about their tenure of office and their assets.

Although the public and foreign press is officially banned, it is possible to sit and watch while statements are laboriously typed out by a young soldier, pausing only to ask how to spell "symposium."

Outside in the street, Liberia's bustling little capital of Monrovia has returned to a deceptively familiar way of life. Trade goes on at its usual frantic pace and the soldiers have nearly all been cleared from the streets. But at night, even the infamous bars on Gurley Street have their shutters down long before the 11 o'clock curfew and the streets are abandoned to sporadic patrols of troops.

For although life appears to have returned to normal in Monrovia, the new Government lives with regular nervous glances over its shoulder. Everyone, including the new regime, expects a counter coup, but no one knows when. The only safe prediction being made in Liberia is that the country

The trial in Monrovia of former government officials charged with high treason has been suspended for administrative reasons, according to a senior military official, Reuter reports.

Lieut. Col. Frank Senkpen, chairman of the special military tribunal trying over 80 officials of the Government of the late President William Tolbert, deposed by the military Government of Master Sergeant Samuel Doe, left, last month, said the trial could resume when certain basic necessities had been taken care of.

The People's Redemption Council has also decided that all officials of the new Government will have to declare their assets

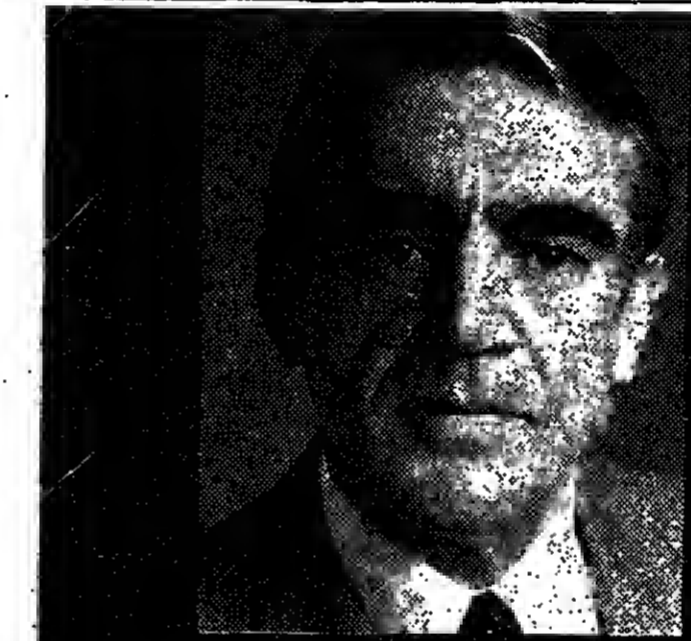
said, and Liberia can ill afford the people's raised expectations without letting the economy go to pot," said a Finance Ministry official in a Liberian drawl. But so far the Redemption Council has stumbled along without a coherent line to its policies. Instead, the Council tells its 19-man cabinet, ten of whom are civilians, that it wants to keep prices down, raise wages and spread wealth more evenly without trying to reconcile such conflicting ideas.

The man charged with implementing the Redemption Council's vague economic pronouncements is a former economics professor, Dr. Togba Nah Tipoteh. He has inherited a budget deficit for the current financial year of at least \$40m, total external debt of \$700m and falling revenues for the country's principal commodity, iron ore.

The balance-of-payments position cannot be calculated because Liberia uses the U.S. dollar and there has been no restriction on transfers until the new regime took over. But there has been a considerable flight of money from the country both to pay for last year's \$100m OAU summit and because of the present uncertainty.

Although the Government has as yet come to no decision on property belonging to men found guilty by the tribunal it is likely that some will be seized. An audit is being carried out on the assets of the Tolbert family which, said Dr. Nah Tipoteh, run into "hundreds of millions of dollars."

Economists say it will take more than this to put the Liberian economy back in order. In the long run, they say, Liberia's economic future depends on its stability and attractiveness to foreign investors. Six weeks after the casual brutality of Liberia's coup, that stability still seems a long way off.



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### OPEN LETTER TO THE SHAREHOLDERS OF GEORGE EWER & CO. LIMITED ("EWE")

Ewer shareholders will by now have received Mr. Ewer's letter of 23rd May and, perhaps, may have obtained a copy of the offer document for Eastern Tractors (Holdings) Limited ("Tractors").

There are a number of questions about the Tractors deal that now need answering:

1. Mr. Ewer refers to our being critical of Tractors' 1979 profit of £10.3m. We are even more critical to see that the figure attributable to shareholders for the year was a LOSS of £244,000. Yet this doesn't emerge in Mr. Ewer's letter. WHY NOT?
2. Mr. Ewer's letter refers vaguely to better things in store. He writes: "As a result of the purchase we believe that the Ewer Group will be more broadly based with greater profit potential." WHAT EXACTLY DOES THIS SENTENCE MEAN IN TERMS OF EWER'S PROFITS?
3. Mr. Ewer seeks to justify issuing 2.6m Ewer shares for Tractors by referring to the fact that your Company's borrowing ability "WAS NOT TELL HIS SHAREHOLDERS OF THE BORROWINGS OF TRACTORS, WHICH THE EWER GROUP WOULD TAKE ON BOARD". These, at 31st August, 1979, were WELL OVER £2m. Furthermore, Tractors is, by its Acting Chairman's own admission, sparsely capitalised, since he states that "in the event that Eastern Tractors remains an independent company, your Directors would not be able to recommend a dividend in respect of the year ended 31st August, 1979." As it is, and under Ewer's friendly umbrella, dividends totalling £61,000 are being paid out.
4. Ewer's offer for Tractors is conditional on, amongst other things, the passing of various special resolutions by Tractors. Such matters normally require 21 days' notice of meeting. In this case, however, special arrangements have been laid to hold the meeting at short notice, Friday, the 30th May. WHY THE HASTE? IS THE EWER BOARD AIMING TO GET THIS DEAL THROUGH BEFORE YOU, THE SHAREHOLDERS, HAVE HAD THE CHANCE TO EXPRESS YOUR VIEWS ON COWIE'S OFFER? Have they forgotten that our highest offer of 55p per Ewer share, now before the shareholders, depends upon the Tractors deal lapsing?
5. THE SIGNIFICANT FEATURE OF THE TRACTORS DEAL—TO WHICH MR. EWER MAKES NO REFERENCE AT ALL—is ITS DILUTING EFFECT UPON THE EARNINGS AND PERCENTAGE OWNERSHIP OF PRESENT EWER SHAREHOLDERS.

We thought at the time of its announcement that the Tractors deal was a poor one for Ewer shareholders. Having seen the documents, we now regard it as appalling and we urge the Board of Ewer to consult their shareholders before closing the offer for Tractors.

Tom Cowie, Chairman  
T. Cowie Limited, 29th May 1980

The Board of Cowie has taken all reasonable care to ensure that the facts stated in this letter are true and correct and that no material facts have been omitted and all of them jointly and severally accept responsibility accordingly, save that their sole responsibility for any information relating to Ewer and Tractors has been to ensure that it has been correctly derived from published sources.

## REPUBLIC OF IRELAND

The most profitable industrial location in Europe.

Ireland's new tax deal for manufacturing industry—no tax on export profits until 1990, then a maximum of 10% on all profits to the end of the century.

**IDA Ireland** The Irish government's industrial development agency has offices in London at INDUSTRIAL DEVELOPMENT AUTHORITY 58 Davies St., London W1Y 1LB. Telephone 01-629 5941.

IDA Ireland also has offices in Dublin, Amsterdam, Paris, Cologne, Stuttgart, Milan, Copenhagen, Madrid, New York, Chicago, Los Angeles, Houston, Cleveland, Manila Park CA, Boston, Toronto, Sydney and Tokyo.

## OVERSEAS NEWS

## FOOD PRICE MOVEMENTS

	May 29 £	Week ago £	Month ago £
<b>BACON</b>			
Danish A1 per ton	1,230	1,230	1,230
British A1 per ton	1,200	1,200	1,200
Ulster A1 per ton	1,200	1,200	1,200
<b>BUTTER</b>			
NZ per 10 kg	15.50/15.63	15.50/15.61	15.50/15.63
English per 10 kg	15.50	15.50	15.50
30 kg salted per	19.43	19.43	19.43
<b>CHEESE</b>			
English cheddar	—	—	1.545
Irish cheddar	—	1.629.80	—
Danish cheddar	1.500	1.480	1.480
<b>EGGS</b>			
Home produced:			
Size 4	3.90/4.15	4.30/4.45	—
Size 2	4.35/5.20	5.00/5.10	—
May 29			
<b>BEER</b>			
Scottish killed sides	67.0/73.0	67.0/73.0	69.0/73.0
Elre forequarters	—	48.0/49.0	48.0/51.0
<b>LAMB</b>			
English	59.0/74.0	—	—
NZ FLG/PMs	58.0/61.0	—	60.0/62.0
<b>PORK</b>			
All weights	38.0/50.0	38.0/50.0	38.0/49.0
<b>POULTRY</b>			
Oven-ready chickens	42.0/45.0	41.0/45.0	40.0/48.0
London Egg Exchange price per 120 eggs	4.0	4.0	4.0
20 kg rindless blocks delivered, per tonne	—	—	—

## NOTICE OF REDEMPTION

KEPPEL SHIPYARD  
LIMITED

## SINGAPORE

US\$12,000,000

9 1/2% GUARANTEED BONDS 1982

NOTICE IS HEREBY GIVEN that, pursuant to the Agreement dated July 16, 1975, between Keppel Shipyard Ltd. and Overseas-Chinese Banking Corporation Ltd. and under Condition 5 (a) and (b) of the Bonds, the second redemption instalment of US\$12,000,000 of the Bonds, has been made by purchase in the market to the nominal value of US\$11,655,000 and by a drawing of Bonds to the nominal value of US\$1,345,000 on May 22, 1980, in Singapore.

The serial numbers of the Bonds drawn in the presence of a Notary Public for this second redemption are as follows:

00281	00282	00283	00284	00285	00286	00287	00288	00289	00290
00291	00292	00293	00294	00295	00296	00297	00298	00299	00300
00301	00302	00303	00304	00305	00306	00307	00308	00309	00310
00311	00312	00313	00314	00315	00316	00317	00318	00319	00320
00321	00322	00323	00324	00325	00326	00327	00328	00329	00330
00331	00332	00333	00334	00335	00336	00337	00338	00339	00340
00341	00342	00343	00344	00345	00346	00347	00348	00349	00350
00351	00352	00353	00354	00355	00356	00357	00358	00359	00360
00361	00362	00363	00364	00365	00366	00367	00368	00369	00370
00371	00372	00373	00374	00375	00376	00377	00378	00379	00380
00381	00382	00383	00384	00385	00386	00387	00388	00389	00390
00391	00392	00393	00394	00395	00396	00397	00398	00399	00400
00401	00402	00403	00404	00405	00406	00407	00408	00409	00410
00411	00412	00413	00414	00415	00416	00417	00418	00419	00420
00421	00422	00423	00424	00425	00426	00427	00428	00429	00430
00431	00432	00433	00434	00435	00436	00437	00438	00439	00440
00441	00442	00443	00444	00445	00446	00447	00448	00449	00450
00451	00452	00453	00454	00455	00456	00457	00458	00459	00460
00461	00462	00463	00464	00465	00466	00467	00468	00469	00470
00471	00472	00473	00474	00475	00476	00477	00478	00479	00480
00481	00482	00483	00484	00485	00486	00487	00488	00489	00490
00491	00492	00493	00494	00495	00496	00497	00498	00499	00500
00501	00502	00503	00504	00505	00506	00507	00508	00509	00510
00511	00512	00513	00514	00515	00516	00517	00518	00519	00520
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00541	00542	00543	00544	00545	00546	00547	00548	00549	00550
00551	00552	00553	00554	00555	00556	00557	00558	00559	00560
00561	00562	00563	00564	00565	00566	00567	00568	00569	00570
00571	00572	00573	00574	00575	00576	00577	00578	00579	00580
00581	00582	00583	00584	00585	00586	00587	00588	00589	00590
00591	00592	00593	00594	00595	00596	00597	00598	00599	00600
00601	00602	00603	00604	00605	00606	00607	00608	00609	00610
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00651	00652	00653	00654	00655	00656	00657	00658	00659	00660
00661	00662	00663	00664	00665	00666	00667	00668	00669	00670
00671	00672	00673	00674	00675	00676	00677	00678	00679	00680
00681	00682	00683	00684	00685	00686	00687	00688	00689	00690
00691	00692	00693	00694	00695	00696	00697	00698	00699	00700
00701	00702	00703	00704	00705	00706	00707	00708	00709	00710
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00751	00752	00753	00754	00755	00756	00757	00758	00759	00760
00761	00762	00763	00764	00765	00766	00767	00768	00769	00770
00771	00772	00773	00774	00775	00776	00777	00778	00779	00780
00781	00782	00783	00784	00785	00786	00787	00788	00789	00790
00791	00792	00793	00794	00795	00796	00797	00798	00799	00800
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00831	00832	00833	00834	00835	00836	00837	00838	00839	00840
00841	00842	00843	00844	00845	00846	00847	00848	00849	00850
00851	00852	00853	00854	00855	00856	00857	00858	00859	00860
00861	00862	00863	00864	00865	00866	00867	00868	00869	00870
00871	00872	00873	00874	00875	00876	00877	00878	00879	00880
00881	00882	00883	00884	00885	00886	00887	00888	00889	00890
00891	00892	00893	00894	00895	00896	00897	00898	00899	00900
00901	00902	00903	00904	00905	00906	00907	00908	00909	00910
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00941	00942	00943	00944	00945	00946	00947	00948	00949	00950
00951	00952	00953	00954	00955	00956	00957	00958	00959	00960
00961	00962	00963	00964	00965	00966	00967	00968	00969	00970
00971	00972	00973	00974	00975	00976	00977	00978	00979	00980
00981	00982	00983	00984	00985	00986	00987	00988	00989	00990
00991	00992	00993	00994	00995	00996	00997	00998	00999	01000

OVERSEA-CHINESE BANKING CORP. LTD.  
PRINCIPAL PAYING AGENTMr. Lee Kuan Yew...  
departure from previous practice.

## Singapore searches abroad for teachers

By Kathryn Davies in Singapore

IN A significant shift of policy, Mr. Lee Kuan Yew, Singapore's Prime Minister, has said local academics cannot meet projected demand for higher education to help reconstruct the Singapore economy. Instead, overseas lecturers in such disciplines as engineering, management studies, medicine and law will be invited to Singapore to take up full-time careers—and not, as previously, short-term contracts.

In a blunt statement to university dons, Mr. Lee pointed out that out of the 670 full-time academic staff in Singapore's two universities, only about 50 per cent are Singaporeans. Assuming that more than 2,000 staff will be needed over the next five years, only 40 per cent of these will come from suitably qualified local candidates.

Foreign academics will now be offered much higher salaries than their Singapore counterparts, a chance of permanent residence and even Singaporean citizenship.

Of the existing expatriate contribution to Singapore, Mr. Lee said: "If we remove them, the economy will subside, like four punctured tyres."

Mr. Lee's remarks follow a controversial public debate in Singapore over the merger of the Republic's two universities which aroused considerable emotion among older-generation Chinese language-educated Singaporeans.

## India to swap rice for Russian oil

BY K. K. SHARMA IN NEW DELHI

INDIA IS to supply Russia with 500,000 tonnes of superior grade rice in exchange for crude oil, the quantity of which is now being worked out. Talks on the deal have been held and an announcement is expected soon. This will be the first large shipment of food grain from India.

The Russians have already agreed to supply 1.5m tonnes of crude to India this year, as part of the annual trade agreement. The crude exchanged for the rice will be in addition to this.

The barter deal is likely to be viewed abroad as yet another Soviet attempt to mend relations with Mrs. Gandhi following the Christmas invasion of Afghanistan.

India urgently needs new sources of oil. Sixty per cent of domestic needs have to be imported, and the rising cost of crude oil has pushed the price of oil imports from Rs 2bn (£109m) in 1972 to Rs 30bn in 1979. Estimates for 1980 are put at Rs 45bn—which would account for well over 50 per cent of all export earnings.

It suits India very well to pay for oil with food grain. Not only does it save precious foreign exchange, but it takes pressure off the grain storage problems.

After record crops in four consecutive years, India's buffer stocks rose to around 20m tonnes at one point. It simply does not have enough storage for such quantities. Stocks now stand at 15m tonnes, of which 9m tonnes is rice.

The sale of Indian rice is unlikely to reduce the difficulties created for the Soviet Union by the U.S.-instigated grain embargo. The quantity is paltry compared with the Soviet Union's overall grain shortfall, and rice is unusable as cattle feed, for which most grain imports are used.

The Indian Government took a policy decision recently that food grain exports should be allowed, although this is to be limited to superior grade rice which is normally bought by well-to-do Indians because of its high price.

Such rice has been sold in small quantities in the Middle East for the past couple of years but this is the first bulk supply to be made. The Food Corporation of India has been authorised to export another 300,000 tonnes of superior grade rice, and this will take the total exported to 1m tonnes.

Commodities, Page 39

Some localities, the People's Daily said, had stagnated since the disasters that followed Chairman Mao's "great leap forward" of 1958. Greater rewards for the peasants were introduced in the early sixties to counteract those disasters, but were disgraced and ridiculed in the 1966 cultural revolution and after.

Agricultural planning was short-sighted throughout. Too much emphasis was placed on grain to the exclusion of other more suitable crops.

In the free and more pragmatic 1980s, Peking is prepared to relax collectivisation in the hardship areas, and, according to the People's Daily, to permit the "capitalist road."

This gamble may provoke political dissension, and may not even succeed. Yet it is clear that at present Peking sees no other way to reduce the drain on food supplies caused by the 100m hungry people.

The difficulties have been multiplied by the erratic policies of the past 20 years.

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This gamble may provoke political diss

Financial Times Friday May 30 1980

## AMERICAN NEWS

## Jamaica 'will need refinancing of \$750m debt'

BY HUGH O'SHAUGHNESSY

MR. MICHAEL MANLEY, Prime Minister of Jamaica, forecast yesterday that his country would need a "total refinancing" of \$750m of its foreign debt, whichever party emerged victorious from the elections expected later this year.

In an interview in London he expressed some optimism about the financial situation of Jamaica, which broke off negotiations with the International Monetary Fund in March and rejected IMF remedies for its balance of payments crisis.

Mr. Manley is on his way to Libya, where he is to hold talks about future economic co-operation with the Gaddafi government.

The Jamaica leader said that talks now going on in Kingston with the World Bank about loans to Jamaica under the Bank's structural adjustment fund programme were going well and that facilities which Jamaica might have expected to lose after it broke with the IMF had not been withdrawn.

He singled out the Governments of West Germany, the Netherlands, Sweden and Norway as having been particularly co-operative during

Jamaica's present crisis. He added that Venezuela had already advanced funds to Jamaica in anticipation of a scheme under which Venezuela would lend oil receipts for use by developing countries with balance of payments problems or with major development plans to finance.

He also laid emphasis on current plans to invest some US\$10m for the expansion of the bauxite industry.

Alcan was increasing production by 25 per cent, while Kaiser, Reynolds and Anaconda were pushing capacity up from 850,000 tons to 1.3m tons of bauxite. Under a new scheme employing Hungarian technology, U.S. contractors and Algerian and Iraqi capital, 600,000 tons of alumina would be supplied to markets in the Soviet Union, Algeria, Iraq and Mexico.

Mr. Manley claimed tourist receipts by the Bank of Jamaica had risen by 50 per cent over recent months, though he cautioned that the recent wave of violence in Kingston could cut the tourist trade in the run up to the election, expected in September.

## Shooting of black leader shocks U.S.

By David Suchan in Washington

PRESIDENT Jimmy Carter and American black leaders yesterday expressed shock at the shooting of Mr. Vernon Jordan, director of the National Urban League and a prominent member of the Civil Rights movement in Indiana early on Thursday.

Mr. Jordan's condition was said to be critical. No suspect has been found nor has a racial motive been established for the shooting, which evoked memories of the assassination of the Rev. Martin Luther King in 1968. That sparked riots around the country.

Obviously seeking to prevent a repetition of the 1968 reaction, Mr. Benjamin Civiletti, the Attorney General, told a Press conference that Mr. Jordan's shooting did not appear, from the information available, to be linked to his civil rights activities.

The shooting came after Mr. Jordan had addressed the Fort Wayne, Indiana, branch of the Urban League, at which he warned of the conservative drift in American politics, and of the need to increase social programmes for the urban poor and needy.

## Hopes faded for more liberal regime in Chile

BY MARY HELEN SPOONER IN SANTIAGO

GEN. AUGUSTO PINOCHET's regime in Chile has no intention of becoming less authoritarian. This is the interpretation given to the sentences of three months' internal exile passed on 37 Chileans this month.

There were signs that the military junta, in power since 1973, might be edging towards more liberal rule. The state of siege legislation was lifted more than two years ago, and there was speculation that moderates within the Government might be gaining influence.

The Catholic Church has a list of nearly 500 people still unaccounted for after being detained by the security forces, although reports of further disappearances have virtually ceased. But few Chileans were predicting a "Santiago spring."

With the recent reinstatement of the internal exile decree, and vague hints from Gen. Pinochet that his timetable for an eventual return to civilian rule might be delayed, Chile's military junta appears to have settled down for an indefinite period of Franco-style rule.

On the economic front, however, the Pinochet Government has been able to claim some very real successes. Inflation, which had been as high as 600 per cent during the Allende Government, is running at 38 per cent this year. The Gross Domestic Product, which shrank by 12 per cent in 1974 (the year

after the coup) grew by 6.8 per cent last year to \$17bn.

But not all of Chile's 10m inhabitants are enjoying any economic improvement. Unemployment has been reported at 12.5 per cent, and this figure does not include the 140,000 people engaged in the Government's minimum employment programme, who receive about \$30 a month for working full time at menial jobs. This group constitutes 3.4 per cent of the Chilean workforce.

On May Day this year, some 50 people were arrested for taking part in unauthorised demonstrations, considerably fewer than in 1979. That year, the courts ruled that the 385 May Day protesters detained had committed no crime, and ordered their release. But this year, with the internal exile decree back in effect, most of those arrested were quickly banished.

The internal exiles included three young men studying for the Catholic priesthood at a Santiago seminary. They had been invited to attend Labour Day ceremonies at the headquarters of a local textile union and were arrested, with two nuns, as they waited at a bus stop after leaving the ceremonies.

The internal exile decree stipulates that people arrested on charges of illegal political activity may be held for up to



Gen. Augusto Pinochet, No 'Santiago spring.'

five days while authorities check their records. "Repeat offenders" may be sent to a remote area of the country.

The first group of people sentenced under this decree were arrested for taking part in International Women's Day Activities on March 8. The Government had prohibited any commemoration of the day, calling it Communist-inspired, and had even rescinded authorisation granted earlier to the Society of Chilean Writers to hold a meeting on the life and work of Sara Gabriela Mistral, the poetess and Nobel laureate, scheduled to be held that day in a Santiago theatre.

Another sign of the junta's hard line was the firing of Sr. Hernan Cubillos, the Foreign Minister, and his replacement with the more conservative Sr. Rene Rojas, formerly Chile's Ambassador to Spain.

Two months ago, Gen. Pinochet left Santiago on a Pacific and Asian tour. Just 48 hours before he was to arrive in the Philippines, President Ferdinand Marcos withdrew his invitation. The cancellation of the visit, and Gen. Pinochet's hostile reception in Fiji from egg-throwing protesters, prompted him to return to Chile immediately.

Sr. Cubillos, a skilful diplomat credited with having persuaded Britain to restore full diplomatic relations with Chile, and with having avoided a break in relations with the U.S. over the assassination in Washington of Sr. Orlando Letelier, a prominent opponent of the regime, was dismissed by Gen. Pinochet on his return.

His sacking marked a victory for those in the Chilean Government who favour an even more authoritarian regime. The hardliners include Gen. Pinochet's daughter, Sr. Lucia Pinochet de Garcia, and Gen. Juan Manuel Contreras, the former head of Chile's secret police.

Sr. Cubillos was disliked by the hardliners because he recognised that arbitrary arrests and other highly visible forms of military repression had to end if Chile's inter-

national image was to improve.

Left-wing guerrilla activity has been growing. The main guerrilla group appears to be the Movement of the Revolutionary Left (MIR), an armed group active during the Revolution of the late President Salvador Allende, which lost almost all its adherents during the purges by the armed forces and the massive exodus of exiles after the 1973 coup.

At least two attacks in recent weeks have been attributed to the movement. On April 28, five or six people attacked an "eternal flame" monument commemorating the 1973 coup. A police guard at the monument was killed, as was one attacker.

A Chilean lawyer, whose clients include people accused of guerrilla activity said members of the movement had indeed claimed responsibility for the attack, but insisted that the policeman's killing was accidental.

A few days later, guerrillas attacked the offices of the National Information Centre, blasting the building's walls with machinegun fire before fleeing. The National Information Centre is the intelligence agency which in 1977 replaced the more infamous secret police, whose Spanish acronym was DINA.

The irony is that the guerrillas, in becoming more active, have given Gen. Pinochet another excuse to tighten his grip.

## Military chief resists budget cuts plan

By Our Washington Correspondent

THE U.S. military's top brass yesterday took public issue with President Carter over the 1980-81 defence budget, proposed by Congress but now opposed by the White House as excessive.

Gen. David Jones, chairman of the Joint Chiefs of Staff, told a Congressional committee that the \$153.7bn military spending plan for next year was not really enough to meet all the services' needs.

But all the officers appearing before the House Armed Services Committee carefully qualified their disagreement with Mr. Carter to say they were not "working against our Commander-in-Chief."

In an abrupt switch of tactics, President Carter this week decided publicly to oppose the Budget resolution, thrashed out between Senate and House negotiators this month, which would limit total spending next year to \$613.3bn. Mr. Carter did not object to the overall level—which puts the Government in surplus for the first time in 12 years—but to the Budget's composition.

## Cuba accepts blame for sinking ship

By Nicki Kelly in Nassau

THE CUBAN Government has accepted responsibility for the May 12 sinking of the Bahamas defence force ship *Flamingo* by two of its aircraft. Cuba has agreed to make reparations for the loss of the vessel and four of its crew.

In a note to Mr. Paul Adderley, Bahamas Minister of External Affairs, Cuba apologised and blamed the sinking on a "regrettable confusion." There was no intention to violate Bahamian sovereignty or territorial integrity, the message said. The *Flamingo* was attacked shortly after arresting two Cuban fishing boats for poaching in Bahamian waters.

## House bars aid plan for Nicaragua

WASHINGTON — The U.S. House of Representatives yesterday approved President Jimmy Carter's request to reduce requirements about how much U.S. intelligence agencies must tell Congress, but it later voted overwhelmingly to bar \$5.5m military aid to Nicaragua.

The votes came as the House started work on the \$5.5bn Foreign Aid Bill.

AP

## Savings bodies allowed to pay more on deposits

BY DAVID LASCELLES IN NEW YORK

WASHINGTON has eased the rules governing the interest rates, which banks and savings institutions can pay, in an effort to restore the flow of small depositors' funds.

The move is also aimed at stimulating funds for mortgages to revive the flagging housing industry.

Banking regulators will allow deposit-takers to pay 13 per cent more on 24-year savings certificates. At the moment, the rate is linked to an average money market rate.

The rules also set a minimum rate of 9.25 per cent for banks and 9.5 per cent for savings

institutions, who have traditionally enjoyed a small edge on rates.

Permitted interest rates were also increased on the highly popular six-month money market certificates. The increase depends on the type of certificate and the issuer, but generally the rate increase is 1 per cent, based on the same average money market rate as before.

Bank regulators are worried that the recent sharp decline in U.S. interest rates will weaken the banks' and savings institutions' position in the competition for funds.

## Brazil foundries give 35% price rise ultimatum

BY DIANA SMITH IN BRASILIA

BRAZIL'S ASSOCIATION of Foundry Industrialists has presented the Government with an ultimatum—either the Planning Ministry concedes the full 35 per cent price rise requested by the industry, or plants will be shut down.

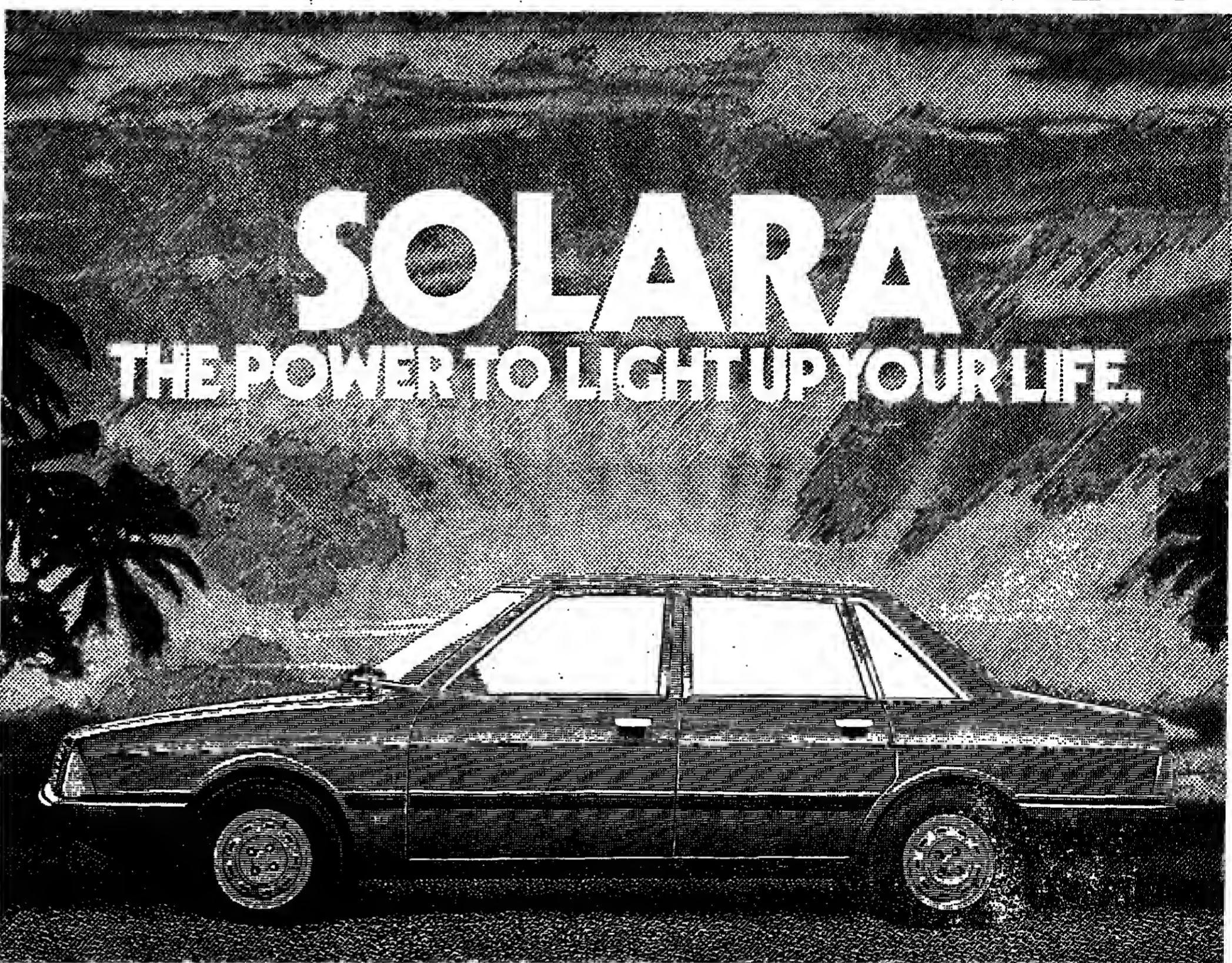
The Government is willing to grant only a 28 per cent increase. The foundries, according to the association, are running at severe losses because of high inflation. Scarcely tight credit and the rising price of energy, raw materials and labour.

Sr. Antonio Delfim Netto, the Planning Minister, has put what most industrialists consider to be unacceptable limits on price increases in key areas of production, as part of his anti-

inflation strategy. Two foreign concerns are involved — FMB (Fundacao Metalurgica do Brasil), which is owned by Fiat and supplies parts to Fiat of Brazil, and the Thyssen foundry, which also supplies the motor industry.

A shutdown by foundries would dramatically affect Brazil's motor industry, a key element in the country's troubled economy, which is just beginning to recover from a three-week strike by metalworkers.

The foundry association is imitating action taken recently by Brazil's soy growers, who threatened to dump their produce if the Government did not grant them a fair price. This price was granted.



## HOW THE NEW TALBOT SOLARA WILL LIGHT UP YOUR LIFE.

## THE LOOK

The new Talbot Solara radiates style, but not without purpose. Its aerodynamic shape drastically reduces wind resistance and noise, and dramatically increases fuel economy. (Up to 46.3 mpg from the 1600 5-speed at a constant 56 mph).

## THE POWER

With Solara there's no trade-off between economy and power. Our 1300 and 1600's develop more horsepower than most conventional engines of the same capacity.

## THE CHOICE

The brilliant new seven car Solara range includes 1300 and

1600 engines, 4 and 5-speed manuals, an automatic, and LS, GL, GLS, and top of the line SX. All with a spacious, airy interior.

## THE EXTRAS ARE STANDARD

The Solara SX comes equipped with trip computer, cruise control, power steering, electric windows, central door locking and more. And no matter which Solara you opt for they're all fitted with electronic ignition, heated rear windows, reclining seats, radio, and inertia reel seat belts.

## THE STRENGTH

The strength of the Talbot name is behind every Solara with its

proven and comprehensive warranty, 10,000 mile servicing, and the 'Extra Care Policy.'

## THE PRICE

£4,068 to £6,370. And you'll be surprised at the deal your Talbot dealer will offer.

If these facts haven't shed enough light on the new Solara, see your Talbot dealer and ask for a test drive. Light up your life.

**TALBOT**  
ON THE MOVE

## MEXICO

LONDON, 4th JUNE 1980

(CBI Tenthill Street)

BIRMINGHAM, 5th JUNE 1980

(Penna Hall Hotel, Sutton Coldfield)

These major full-day conferences will feature:

- Dr. Nathan Warrman, Mexican Under-Secretary for Industrial Development
- Nacional Financiera SA
- Confederation of Industrial Chambers (CONCAMIN)
- British Chamber of Commerce in Mexico

To reserve a place at either London or Birmingham conference, please contact Karen Castle on 01-930 6711 at the CBI.

Ask about the special Talbot Insurance Plan which may save you up to 20% for Daily Free Export Sales. Phone Talbot Personal Experts Ltd, Devonshire House, Piccadilly, London W1, 01-499 7236. Prices include trade-in and front seat belts. Delivery charges and number plates extra. Solara Consumption Figures at standard urban driving, constant 56 mph and constant 75 mph. 1.3LS 1294cc, 30.4 mpg (9.3L/100km) 44.1 mpg (6.4L/100km) 32.5 mpg (8.4L/100km) 1.6LS 1592cc, 29.7 mpg (9.5L/100km) 41.7 mpg (6.5L/100km) 31.7 mpg (8.3L/100km) 1.8LS 1592cc, 28.1 mpg (9.7L/100km) 41.5 mpg (6.5L/100km) 31.0 mpg (8.3L/100km) 1.6GLS 1592cc 5-speed 28.1 mpg (9.7L/100km) 42.3 mpg (6.5L/100km) 34.4 mpg (8.2L/100km) 1.6SX 1592cc Auto, 27.7 mpg (10.2L/100km) 37.2 mpg (7.8L/100km) 27.7 mpg (10.2L/100km).

## WORLD TRADE NEWS

## Japanese car exports up 51%

TOKYO — Japanese motor vehicle exports in April fell 4.7 per cent to 50,298 units from 52,800 in March but rose by 55.1 per cent from 324,500 a year earlier, the Japan Automobile Manufacturers Association said. The April total comprised 339,700 cars, up 51 per cent from a year ago, 159,200 trucks, up 63.1 per cent, and 4,300 buses, up 132.6 per cent.

Exports to the U.S. the biggest customers for Japanese cars, totalled 207,400 in April, up 47.4 per cent from 140,700 a year earlier, reflecting the continued success in small, fuel economy car sales in the U.S. market.

Exports to the EEC amounted to 69,800, up 15.7 per cent from 60,340 from April last year, with shipments to West Germany up 73 per cent to 17,390, and to Belgium up 75 per cent to 11,200. But those to Britain fell 15.4 per cent to 21,500 from 25,400 a year ago.

The shipments to Saudi Arabia rose 40.5 per cent to 26,700 from 19,000 a year earlier, while those to Iran soared 369.2 per cent to 12,200 over a year ago.

Exports to Australia totalled 17,800 up 76.2 per cent from 10,100 a year before. Reuter

A second Dutch car plant announced plans to cut production levels in the face of falling demand. Charles Betschler in Amsterdam writes. Ford Nederland said it will cut assembly of transit trucks at its Amsterdam factory by 20 per cent in June by laying off production staff one day a week. Ford also plans to halve production of Transit cars at its factory in Belgium next month by shutting down production for two weeks. Daily production of transit trucks in Amsterdam is 55, while 25,000 Transits are normally made in a month in Belgium. Volvo earlier announced plans to reduce production target at its Dutch factory by 10,000 to 82,500 this year. New car sales fell by 12 per cent in the Netherlands in the first three months of 1980.

## Iran embargo: UK exempts ongoing deals

BY PHILIP RAWSTORNE

EXTENSIONS of existing trade contracts with Iran will be exempted from two Government sanctions orders which came into operation at midnight last night. New contracts made in continuation of an established course of business will also escape the embargo.

The Export of Goods (Control) (Iran, Sanctions) Order 1980 prohibits, with some exceptions, the export of embargoed goods from the UK to Iran for delivery to a person in Iran.

The Iran (Trading Sanctions) Order 1980 prohibits the making or performance of contracts for the sale, supply or transport of embargoed goods from the UK

including the Channel Islands, Isle of Man and UK dependent territories to Iran.

The Orders, which will lapse unless approved by the Commons within 28 days, do not affect contracts made up to midnight last night.

Explanatory notes issued by the Department of Trade add: "This exemption also applies where such a contract has been modified, amplified or extended following the date of the Orders."

"The Orders provide that references to contracts made before the date on which the orders came into operation include new contracts for sale or supply made in continuation

of an established course of business dealing between the same parties, relating to goods of the same or similar class and which existed immediately before that date."

All goods are embargoed except specified foodstuffs, medical products and other specified products if sold or supplied for medical or surgical purposes.

Foodstuffs are defined as all the commodities, foods and drinks, falling within Chapters 1 and 23 and parts of two sub-headings in Chapters 33 and 35 of the Common Customs Tariff. Medical supplies are also defined by reference to the Common Customs Tariff. Other

products which could be used for medical and surgical purposes are listed in the Order.

Exporters wishing to ship foodstuffs or medical products should enter the goods with Customs and Excise on form C.273 in the normal way.

Exporters wishing to ship any other goods to Iran, including those products which could be used for medical purposes, must pre-enter the details with Customs on form C.63a.

Exporters must ensure that pre-entry documents contain a declaration that the goods in the consignment are not prohibited by the Orders.

The provisions of the Orders do not affect, in any way, other

statutory or legal restrictions on the sale or supply of any goods to Iran. A computer, for example, will continue to require an export licence.

Nor does the possession of a licence under such legislation affect the prohibition of exports imposed by the new Orders. Unless an exporter can satisfy the exemptions provided for in the new Orders, an existing licence cannot be used.

The other main exceptions to the orders are ships and aircraft operating on scheduled services or re-exported after temporary importation; and the personal effects and professional equipment of passengers to Iran.

Maximum penalties for breaches of the Iran (Trading Sanctions) Order are six months imprisonment or a fine amounting to three times the value of the goods involved. The maximum penalty for breaches of the Export of Goods Order is an unlimited fine.

The Department of Trade last night warned exporters that they should seek legal advice on the provisions of the Orders if they are in any doubt. The Department cannot advise on whether particular goods or services are exempt from sanctions, but general advice on the application of the sanctions is available from its export licensing branch and C.R.S. Division.

## China unable to keep Japan oil promise

BY RICHARD C. HANSON IN TOKYO

CHINA will be unable to provide the amount of oil to Japan over the next two years stipulated in a long-term trade agreement reached in 1978 because of increased domestic demand.

Officials travelling with Premier Hua Guofeng, here on an official six-day visit, told their Japanese counterparts it would be difficult to fulfil the pledge, which calls for exports of 8.5m tonnes of oil in 1981 and 15m tonnes in 1982. The Chinese did not say how much oil they would be able to ship, but indicated that, in the long term, China will be able to increase supplies as production capacity rises.

The meetings between Japanese and Chinese officials have tended to emphasise the long-term importance of the relationship, perhaps the best indication that both sides realise now there will be inevitable short-term delays and shifts as China moves ahead with its modernisation programme. Failure to meet the oil shipment plan represents just one such delay.

This is important because Japan, committed to help China develop its resources and infrastructure, has called these claims groundless.

structure with financing amounting to around ¥50bn (\$39.5m). In return, Japan expects payment in the form of stable supplies of oil and Chinese coal. Coal shipments in large quantities will not be able to start until new transport and port facilities are built. These will not be completed for at least another three or four years.

At a Press conference yesterday Premier Hua expressed his desire to further expand trade with Japan that has reached a record level in 1979.

He noted that the bilateral trade reached \$6.6bn in 1979 and is expected to climb to \$8.6bn, and added that China and Japan would shortly sign an agreement on joint development of oil fields in the Bo Hai area.

On the political front, Premier Hua said that he had "reliable information" that North Korea had no intention of attacking the South unless the South attacked first. The South Korean military has been justifying its virtual takeover of the Government there in part on claims that North Korea had been making threatening moves. Premier Hua called these claims groundless.

## Suez Canal charges to be increased

BY ROGER MATTHEWS IN CAIRO

A SIGNIFICANT rise in Suez Canal transit dues is to be imposed at the end of this year. The International Chamber of Shipping has been informed by the Suez Canal Authority of the impending increase but precise details have still to be worked out.

The increased charges will coincide with the scheduled completion in October of the \$1.2bn first phase development of the canal. This will allow fully laden tankers of 150,000 tonnes to transit the waterway and vessels of up to 370,000 tonnes in ballast. The present limit is 60,000 tonnes fully laden.

The Suez Canal Authority is now studying the feasibility of starting work on the second stage development. Senior officials consider it vital that within the next five years the

canal should be able to take the largest tankers afloat. Their only concern is that the deepening of the waterway should be timed to take full advantage of the anticipated upturn in world shipping activity.

Suez Canal dues have remained virtually unchanged since it was re-opened in 1975 but the Egyptian Government is now keen to maximise its earnings. Potential revenues of over \$800m last year in the country's third largest foreign currency earner after oil and remittances sent back from Egyptian workers abroad.

For the past five years the authority left the rates unchanged in order to win back customers and restore confidence in the canal. Having achieved that in broad terms—some 95,000 ships have passed through

without serious delay or accident—the Suez Canal Authority is now determined to attract more oil cargoes. It is also anxious to raise its charges selectively so that the increased costs are borne more by those to whom the canal offers the greatest savings.

Earnings are expected to top \$700m this year and should be at the \$1bn level in 1982 or 1983. The authority has not disclosed the proportion of increased earnings it anticipates will come from revised charges. Work on the second phase development will to some extent depend on the availability of soft loans from abroad and the Egyptian Government's overall investment programme. But the Suez Canal authority is determined that the operation should be completed by 1985.

Our Shipping Correspondent adds: The re-opening of the Canal is expected to affect the overall supply and demand picture for various types of tankers quite considerably. Lloyd's Shipping Economist estimated recently that if 250,000 dwt tankers were loaded with part cargoes and diverted through the Suez, as opposed to their existing route via the Cape, a partly laden VLCC could carry 10 per cent more oil to Europe in a full year than a fully laden ship making the Cape voyage.

According to Lloyd's Shipping Economist a pessimistic estimate is that the deepening of Suez could lead to a fall in demand for VLCCs of 15m dwt and a rise in demand for medium size tankers of 6m dwt.

## Saudis join Bahrain petrochemical project

BY MARY FRINGS IN BAHRAIN

DR GHAZI AL-GOSABI, Saudi Arabia's Minister of Industry and Oil, signed an agreement in Bahrain yesterday to bring Saudi Arabia into the \$400m (\$199.5m) petrochemical project proposed by Bahrain and Kuwait.

The twin methanol and ammonia complex, scheduled to be in production by the end of 1983, is to be built in Bahrain.

It will be owned by Gulf Petrochemical Industries, with a capital of BD 60m (\$88.6m). The equal shareholders will be Bahrain National Oil (BANOCO), Kuwait's Petrochemical Industries (PTC) and Saudi Basic Industries (SABIC).

Dr. Al-Gosabi said Saudi Arabia was participating for two reasons. First, the project made good economic sense. Second, it was a step towards industrial integration in the Gulf region.

He confirmed that Saudi Arabia had abandoned its plan to build an aluminium smelter at Jubail. He said the project

had been studied before the establishment of the 335,000 tonnes-a-year smelter in Dubai and the present expansion of the Alaba smelter in Bahrain which will bring production there to 170,000 tonnes a year. Saudi Arabia is a 20 per cent shareholder in Alaba.

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## Lada plant considered for Canada

By Robert Gibbins in Montreal

AUTOEXPORT, the Soviet export company, and the Volzhsky car works in Togliatti, are considering assembling cars in Canada. Mr. Peter Dennis, president of Lada Cars of Canada, Toronto, a wholly-owned Canadian company, which distributes the Soviet-built cars in Canada, said he had a "firm understanding" from Moscow on assembly in Canada. His company is surveying potential assembly sites.

Mr. Dennis said production could begin with the four-wheel drive Niva, popular in Europe and being introduced in Canada this summer. He also said any assembly operation would use local content as much as possible.

At present Ladas are being sold in eastern Canada mainly at a rate of about 4,000 a year. The car sells at \$34,500 (\$1,640) per unit, slightly lower than the cheapest comparable Japanese and North American models.

However, industry officials say that local assembly from knocked-down parts cannot be economic at such a sales rate. The break-even point is normally put at between 75,000 and 100,000 units per year.

Motor Iberica, the Spanish industrial vehicle and agricultural machinery producer, has won a contract to assemble buses and minibuses in Venezuela. Robert Abrams writes from Madrid. The initial order is for 600 units, but this is expected to be raised to 2,000 a year, worth \$42m.

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## Senators criticise Ansett loan

By David Buchan in Washington

THE SENATE banking committee has criticised the U.S. Export-Import Bank for allowing itself to be stampeded into offering an overly generous credit to Mr. Rupert Murdoch's Ansett Airlines in Australia to buy Boeing aircraft.

A letter from Senator William Proxmire and three other committee members this week complained that the interest rate—an average 8 per cent on the \$290m (£124m) loan—was too low, both in terms of general Ex-Im rates and of beating competition from the European Airbus sales drive.

But the letter to Mr. John Moore, the Ex-Im president, was silent on allegations that Mr. Murdoch received special credit terms from the U.S. because one of his New York newspapers endorsed the political candidacy of President Carter.

The handling of the Ansett application was sloppy as a direct consequence of failure to question the factual assertions and bargaining tactics of Mr. Rupert Murdoch, of Ansett Airlines, and Mr. Jack Pierce of Boeing Airlines, the Senate letter said. Much criticism even from Ex-Im board directors was directed at Mr. Moore for rushing through the Ansett loan in half the normal time for loan processing.

Mr. Moore took Mr. Murdoch's word for it that Ansett had a March 1 deadline on a rival contract for the Airbus consortium, thus the need for speed. But it then turned out Airbus extended this at Mr. Murdoch's convenience.

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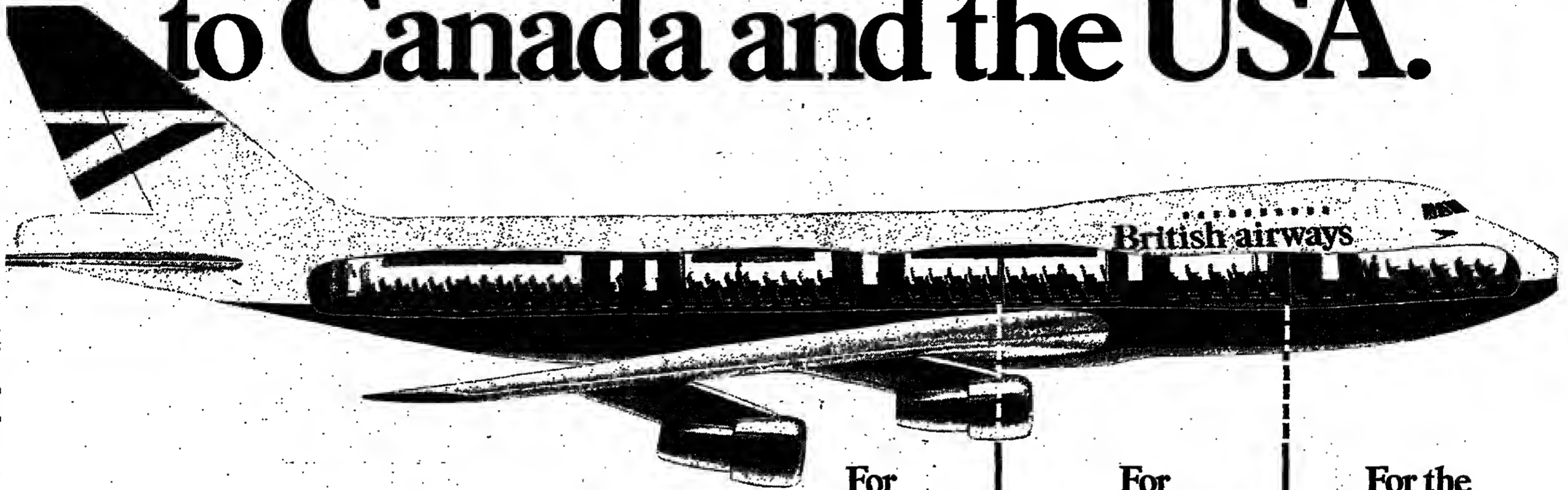
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The handling of the Ansett application was sloppy as a direct consequence of failure to question the factual assertions and bargaining tactics of Mr. Rupert Murdoch, of Ansett Airlines, and Mr. Jack Pierce of Boeing Airlines, the Senate letter said. Much criticism even from Ex-Im board directors was directed at Mr. Moore for rushing through the Ansett loan in half the normal time for loan processing.

Mr. Moore took Mr. Murdoch's word for it that Ansett had a March 1 deadline on a rival contract for the Airbus consortium, thus the need for speed. But it then turned out Airbus extended this at Mr. Murdoch's convenience.

The handling of the Ansett application was sloppy as a direct consequence of failure to question

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Free eyeshades and slippers			✓	✓
Hot towels			✓	✓
Armchair comfort and luxury ambience				✓
Immediate booking facility			✓	✓
Advance booking facility		✓	✓	✓
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## UK NEWS

# Talks soon on plan to shut Consett works

BY ALAN PIKE

TALKS ON the closure of Consett steelworks—the last highly sensitive area on the British Steel Corporation's rationalisation list—are expected to begin within a month. The corporation has achieved the radical slimming of its Port Talbot and Llanwern works in South Wales without the industrial bloodshed which union leaders threatened.

Some 15,000 steel jobs in Wales will disappear, and lead to the loss of further jobs in the coal and related industries. Local leaders have accepted that the only alternative to the cuts would be the total loss of a major steelworks.

Consett, near Durham, is different. It is a total closure in a town where there is no easy prospect of attracting other industry. About 4,000

jobs would disappear with its closure. Unions leaders launched the campaign to save Consett during the three-month-long national steel strike. They are treading the tightrope of their continuing opposition to BSC's rationalisation programme, even though South Wales workers have again demonstrated their willingness to accept redundancy payments.

BSC, however, saw South Wales as the most likely centre of opposition to its programme to shed more than 50,000 workers from the industry. It is cautiously optimistic that with Port Talbot and Llanwern behind it—it will be able to negotiate acceptable terms at Consett.

By last night none of the other unions at Llanwern, Gwent, had followed the Iron and Steel Trades Confederation—the industry's biggest union—in accepting an agreement to shed about 3,600 jobs at the plant and baffle its capacity. But they are expected to do so within a few days.

The Wales TUC and national leaders of the steel unions have been embarrassed by the speed at which local representatives have accepted closures which they formally opposed. But the ISTC is going ahead with the production of an alternative strategy which advocates developing role for BSC.

The union's strategy is based upon the argument that BSC should fight to hold and expand its existing markets.

## BSC's new job-creation chief

BY ROBERT COLLIER



Mr. John Dunbar

THE NEW chief executive of BSC (Industry), the job-creation subsidiary of the British Steel Corporation, is to be British businessman Mr. John Dunbar.

He replaces Mr. P. G. "Paddy" Naylor, who leaves the job after two and a half years to set up his own employment consultancy.

A daunting task faces 49-year-old Mr. Dunbar when he starts on June 2. BSC (Industry) has set as its target for the current year the establishment of 10,000 new jobs. Plans already in train at BSC for more than 50,000 redundancies should ensure no shortage of future customers.

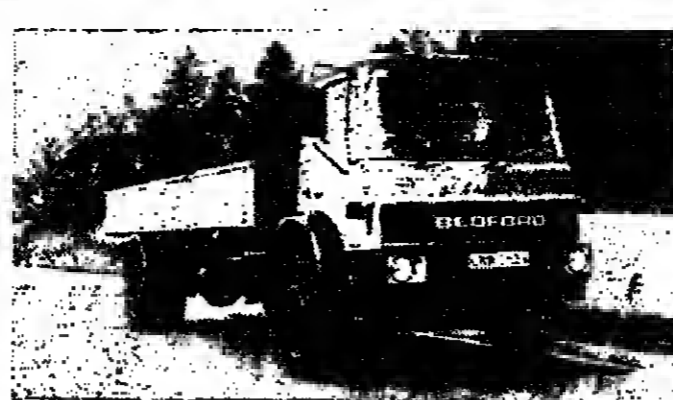
BSC (Industry) is principally concerned with finding jobs for the redundant steelworkers themselves. But it also seeks to restore the general employment infrastructure of areas stricken by steel plant closure.

year assisted in the creation of 6,000 new jobs. They have been found for the most part in small and medium-sized projects, attracting companies employing between 20 and 150 people.

Mr. Dunbar sees BSC (Industry) performing a long-term catalytic role. A priority, he says, is "to ensure that the industries set up are ones that are going to act as 'primers for others'."

He has had a diverse background in international business. He leaves Olayan Saudi Holdings, a \$300m turnover Saudi-based transport and trading group where he was group vice-president (finance). Also he has been with Luxembourg-based European Enterprises Development SA, and U.S. company Litton Industries where he was vice-president of European Operations.

It was set up in 1975, and last



One of the versions of the new Bedford TL range of trucks—type 1630, dropside with a new "high comfort" tilt-bed, and powered by Bedford's new 8.2-litre Blue Series diesel engine.

## Bedford launches middleweight truck

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BEDFORD, the UK-based subsidiary of General Motors, today launches a middleweight truck which it hopes will boost growth, particularly in Continental markets.

The Bedford TL covers the same weight-band, 3.5 to 20 tonnes, as the group's TK truck, which continues in production. It shares many of the TK's main components but has a new, "high comfort" tilt-bed and will be powered by Bedford's new 8.2-litre Blue Series diesel engine.

This takes Bedford into the premium sector of the middleweight truck market. Annual sales of the TK have been about 20,000 (of which about 14,000 have been in the UK). Bedford expects to increase these by offering two specifications in the same weight-band.

Share It estimates that sales will be split 70 per cent TL and 30 per cent TK when production at the Dunstable plant reaches normal levels.

Bedford wants to build its share of the total UK over-3.5 tonnes truck market back to 22 per cent by the end of next

year. At the peak, 1976, the company had a 22.5 per cent market share but since has achieved an annual 18-19 per cent penetration.

Bedford's market share has been depressed this year by industrial action at its Ellesmere Port plant last autumn, and by the steel dispute. Both contributed to the company's failure to meet demand.

Rapid The steel dispute adversely affected the start of production of the TL but Bedford said it was making rapid headway and that most dealers have them for sale. A major advertising campaign will start in two weeks' time.

In the UK the TL's major rivals include various Leyland models and the Ford D series trucks, due for replacement in 1981. They are mainly employed in retail distribution but there are a wide variety of other applications for which the trucks are suitable.

Bedford's expectations of higher Continental sales are based on European markets' preference for powerful, fast, Halls, and Wolstenholme have disappeared.

# Cutlery makers divided over use of imports

GOVERNMENT moves to end the practice by some UK cutlery companies of stamping foreign-made goods as "Made in Britain" are likely to provide only short-term relief for an industry near total collapse.

Legislation is to be introduced in the autumn to force manufacturers to state clearly the origin of unfinished cutlery parts, imports of which have been undermining the UK industry.

The plight of the industry is illustrated by the fact that imports now account for almost 70 per cent of the £40m-a-year UK market.

They come from South Korea, Japan, Hong Kong, Singapore, Pakistan and India, countries where low steel prices and cheap labour enable cutlery to be produced far more cheaply than in Britain.

In the past 20 years the UK manufacturers' share of the market has slipped from over 50 per cent to 30 per cent. The reason for the decline has been low productivity compared with foreign manufacturers. But the vulnerability of the UK industry has been further exposed because some British makers have chosen to import cutlery blanks and finish them in Britain.

This has caused a deep division in the industry between those manufacturers who staunchly refuse to use imports and are calling for import restrictions to allow UK manufacturers to retrieve their market share, and those who say it makes economic sense to import.

Stemfield was once the heart of the cutlery world, but employment in the industry in the city has fallen from 35,000 in the 1950s to a mere 5,000.

The number of distinct manufacturing units has fallen from 800 units to just over 100. Although many were one-man operations, other well-known names such as Joseph Rodgers, B. Snipe, Walker and Sons, Halls, and Wolstenholme have disappeared.

Many of the smaller companies have been taken over as the industry has contracted. Arthur Price of Birmingham, the largest private cutlery maker, has taken over nine small companies in the past six years.

Arthur Price's formula for survival has been not to import but to move to the more expensive end of the retail trade and to attack the catering and hotel trade.

Trust House Forte was Arthur Price's first big customer in the hotel market, and the company also secured the prestigious contract to supply cutlery for British Airways Concorde.

Viners, another big name in cutlery, has chosen to import.

NEWS ANALYSIS—Elaine Williams looks at the threat to a traditional British industry from cheap foreign goods.

Many of the cutlery blanks it needed last year it incurred a pre-tax deficit of £104,839 compared with a profit of £170,533 the previous year.

Viners' management says its losses were due to several factors: a shortfall in UK sales, low margins on some of its business, the strength of silver, the rising price of silver for its plating, and high interest rates.

Few manufacturers would question the need for a strategy to revitalise the industry. For more than two years a working party set up under the Department of Industry has been trying to isolate the problem.

But conflicting interests have prevented any progress. Mr. John Price, chairman of Arthur Price and president of the Federation of British Cutlery Manufacturers, has described the working party as "an absolute waste of time."

The main drawback seems to be that too many interests are involved. Imports of UK makers are represented on the working party.

Mr. Price feels that the only

way forward is to meet directly with Government Ministers, and is asking for a meeting with Mr. Cecil Parkinson, Trade Minister, to try to find a remedy.

It took the federation, which has 80 members, three years of hard campaigning to get any Government action to stop almost wholly foreign-made parts being stamped as British.

This action was aimed at saving one of the few areas left to British manufacturers—silver-plated reproductions of eighteenth-century patterns, which have been enjoying a revival for the past five years.

Once legislation is passed in the autumn, it will mean that even silver-plated imported goods, which require a substantial amount of finishing work in the UK before they are ready for sale, would have to bear a mark showing the extent of foreign content.

But the industry's survival will not rest solely on clear cutlery marking. It wants some form of non-tariff import barrier to protect it for two to three years while it attempts a recovery.

Mr. Price wants the Government to look closely at France, Italy, West Germany and Spain, which have avoided being swamped by imports either by using red tape or by more informal methods.

The UK industry feels that the Government should give its own cutlery manufacturers similar protection before the industry becomes totally dependent on imported cutlery.

It is the case in West Germany, the Benelux countries and Scandinavia.

Dock rebuilding

THE PORT of Sunderland is to go ahead with a major programme of rebuilding at a cost of £58.0m. Almost £0.5m of this is to be spent on providing a new dam and sluices at the north end of South Docks.

## NATIONAL BANK OF GUYANA

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DRAWING OF BONDS

Morgan Grenfell & Co. Limited announces that Bonds for a total of U.S. \$752,000 nominal of the above Loan have been purchased and tendered to them for cancellation.

Notice is hereby given that a Drawing of Bonds of the above issue took place at the offices of Morgan Grenfell & Co. Limited on 28th May, 1980 attended by Mr. Richard Graham Rooser of the firm of De Pinna, Scores & John Venn, Notary Public, when 4,248 Bonds for a total of U.S. \$4,248,000 nominal were drawn for redemption at par on 30th June, 1980. The nominal amount of the Loan outstanding after 30th June, 1980 will be U.S. \$5,000,000.

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## Studies may affect gaming industry

BY CHRISTINE MOIR

INSTITUTIONAL INVESTORS are seriously questioning whether public companies ought to be involved in the gaming industry.

In the wake of events which led to closure of Ladbroke, London casinos and objections to some of Coral's licences, the institutions have studied details of the Gaming Act with disquiet.

Although the institutions are preoccupied with the urgent need to rehabilitate the two companies now threatened with loss of gambling revenues, their studies could have wider implications for the industry.

Reasons for their disquiet include provisions of the Gaming Board, and the unsuitability to gaming of the traditional structure of a public company and for a Stock Exchange listing.

One investment manager believes the institutions may have to recommend to the Stock Exchange that gaming companies are unsuitable for listing, because their assets cannot strictly be regarded as either permanent or transferable.

Gaming companies' assets, the institutions believe, depend on the grace and favour of the Gaming Board which, together with the police, has wide and real powers under the Gaming Act to control the industry. It can close casinos without com-

passation, and prohibit resale, and it seeks stronger powers. It is asking permission to withdraw licences for casinos from companies whose ultimate ownership changes through takeover.

The board also has power to close the industry completely. It has a statutory duty to provide and regulate sufficient outlets to satisfy "unstinted natural demand" for gaming, and itself determines that demand's level.

If it decides demand is reducing, it has an obligation to limit the number of outlets. This applies to casinos and bingo-halls.

In recent months the board appears to have begun such a programme, following reduction in numbers of Middle Eastern gamblers visiting Britain. Earlier this month it issued a general warning that it would be wrong for applicants for new licences to assume these would be issued as a matter of course to replace licences withdrawn.

The institutions also fear that the traditional structure of a public company—owned by widely differing interests, with executive power delegated to a board and executives—may not provide the tight, centralised control of operations demanded by the board before granting a licence.

The institutions believe this requirement favours private

companies, where ownership and executive control are more directly linked. The board denies it consciously favours private companies but agrees it insists on tight control at the highest level.

This insistence seems to have been a factor in the Ladbroke case. Having been deemed unfit to operate casinos itself, Ladbroke restructured its casino operations under an arms-length subsidiary, City and Provincial Gaming Holdings.

But the board refused to let the parent escape penalty for breaching the Act by any restructuring. Offenders must not be able to escape punishment by a mechanical device, the board decided.

The institutions fear this decision indicates a general principle that a gaming company, once convicted, could be barred for ever from the industry and might not be able to sell off its beneficial interest in it.

Public companies, which have indirect ownership and control, depend on permanent assets capable of being transferred through sale of shares, the institutions say. The requirements of the Act are such that gaming cannot be guaranteed to provide this sort of security.

## Racal tops European electronics league

BY JASON CRISP

BRITISH ELECTRONICS companies are the most labour intensive in Europe yet they include some of the most profitable, says a study of the 30 largest European electronics companies.

The three most profitable—based on a ratio of pre-tax profit to sales—were UK companies. The study by Mackintosh Consultants shows that in 1978 Racal was the most profitable with a ratio of 27.2 per cent.

Rank Organisation, which includes substantial other activities, achieved 25.3 per cent and GEC's profits were 15.1 per cent of sales.

The best performing non-UK companies were LM Ericsson, the Swedish telephone equipment company, and Nixdorf, the German mini-computer manufacturer, whose profits represented 8 per cent of sales.

The Dutch company, Philips, the largest in electrical and electronic goods, achieved 3.8 per cent and Siemens, the German group, which is second largest, 5.9 per cent.

In contrast the UK companies, along with those in Italy, have the lowest productivity as measured by sales per employee. Only Racal, which has sales of £48,400 per employee, compare with average levels achieved by other major European electronics companies. But even this is well behind

Nixdorf (\$70,100), Saab-Scania, the Swedish defence and trucks group (\$65,700), Oerlikon-Bührle, a Swiss conglomerate (\$56,200), and CII-Honeywell Bull, the French computer company (\$54,000).

GEC, Britain's largest electronics company, has lower productivity than the other European giants, with sales per employee of \$25,300. This compares with Siemens (\$44,800), Philips (\$39,000) and AEG-Telefunken (\$43,000). Currency conversions were based on IMF averages for 1978, the fiscal year for the company reports analysed.

While most European companies had sales per employee of over \$30,000 most UK companies slipped below that mark. Although 10 UK companies feature in the top 30 their combined turnover only equals that of Siemens (\$14,423) and is less than that of Philips (\$15,119).

Measured in electronics turnover alone, GEC is Europe's fifth largest, behind Thomson-Brandt and AEG-Telefunken. With estimated sales of just over \$2bn, GEC is less than quarter the size of Philips, whose sales exceed \$9bn.

Mackintosh European Electronics Companies File is available from Mackintosh House, Napier Road, Luton. Price £75.

## Whisky deal rejected by Distillers

By Gareth Griffiths

THE DISTILLERS' Company has turned down an offer from an import-export company to guarantee enough whisky orders to keep all its plants at full time work.

Madison, Benson and Carter, a London-based company offered to guarantee enough orders for the plants at Stepps, South Queensferry and Fife to remain in full production.

At present 3,600 production staff are on short time working because of falling export orders. Mr. Ron Smith, Madison, Benson and Carter's managing director, said yesterday he could arrange a consortium within 48 hours to guarantee sales of between 100,000 and 1m cases of whisky a month. He said 12 wine wholesalers were prepared to be consortium members.

Madison, Benson and Carter want to sell Distillers' brands directly to Continental supermarkets, bypassing Distillers' distributors. It wants access to all the company's brands, not simply those doing badly.

Johnnie Walker and Dewar's would be included, although their bottling plants are working full-time. Mr. Smith said his company operated on a 2 to 3 per cent profit margin and there was no lack of demand for Scotch at the right price.

## Labour factions ready for battle

BY PHILIP RAWSTORNE

LABOUR'S Left- and Right-wing yesterday squared up for another bitter contest over party power and policies at tomorrow's one-day conference.

Seven Left-wing groups united to launch a renewed campaign in support of their demands for "party democracy." At the same time, the Right-wing Campaign for Labour Victory responded with an angry challenge to the policy statement to be put before the conference by the Left-dominated National Executive Committee (NEC).

Mr. Alex McGivan, the campaign's organising secretary, described the programme as "a typical product of the party's current mess," and called for a radical re-think of policy. He said the NEC was out of date and negative and should be restructured. Its programme offered "no serious basis for a party manifesto."

The Left aims to use tomorrow's party gathering to begin rallying support for the critical votes on party reform at the October conference.

Mr. Anthony Wedgwood Benn will press the Left-wing demands that Mr. James Callaghan, Opposition Leader, is intent on thwarting. These are the election of the leader by the whole party, the mandatory re-election of MPs, a parlia-

mentary party pledged to abide by party policy, the maintenance of the present Left-dominated structure of the national executive and its sole right to decide the party manifesto.

In a pamphlet to be circulated at the conference and later distributed throughout the party, Mr. Benn says the power of the party leader—"an elected monarch"—is one of the main reasons why the socialism of the Labour Party is not expressed in Parliament.

In its reply the Campaign for Labour Victory, which claims the support of over 100 MPs, called for more positive policies. "There is not the slightest shred of evidence that the stale remedies of the past, particularly more nationalisation and state control over the economy, have either any popular appeal to working people or are an adequate solution to our economic problems," it said.

A group of former Labour MPs, led by Prof. David Marquand, last night called on Mr. Callaghan to reject the policies being put before the conference.

The group attacked in particular commitments in favour of nationalisation without compensation, a virtual commitment to withdrawal from the EEC, and confusion over defence policy.

## Unity would benefit Protestants - Haughey

BY STEWART DALBY

MR. CHARLES HAUGHEY, the Irish Prime Minister, yesterday spelt out in detail his thoughts about his first full-length meeting with Mrs. Thatcher last week.

He restated his view that he was prepared to be flexible toward Northern Ireland Protestants in the sense that he envisaged a federated Ireland.

In a major speech, he said: "I have in mind that the northern majority would be invited to look at unity as a prospect offering them great advantage."

"I believe those talks in London on May 21 represent an important and significant development in the relationship between Britain and Ireland."

His speech met very little opposition in the Dail. Mr. Garret Fitzgerald, leader of the Fine Gael, the main opposition party, said: "My desire and that of my party is to maintain as far as possible the common position on Northern Ireland with other parties here. Secondly, never, under any circumstances, to seek political advantage on this issue."

## Reliant Scimitar cuts put 130 on short time

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE SLUMP in demand for big engine cars in the UK has forced Reliant to cut production of the Scimitar sports estate.

From next week 130 employees on the Scimitar line at the Tamworth, Staffs, plant will switch to one day a week working indefinitely.

Output was running at 20 cars a week early this year as Reliant built up for the launch in late February of a convertible version of the Scimitar. Like its sister models this uses the 2.3 litre Ford engine incorporated in some Granadas.

The evidence suggests potential customers for the Scimitar have been attracted away by BL's "Buy British" campaign, the major price cuts offered on the Rover and by the aggressive marketing by other volume producers.

Reliant, which is a subsidiary of J. F. Nash Securities, says production of the three wheeled Robin continues as normal, and output of the four wheeled Kitten will be increased slightly.

Last year Reliant sold about 5,000 Robins, 500 Kittens and 1,000 Scimitars.

## Record £25,000 paid for netsuke

SOTHERBY'S established a new high for a netsuke in London yesterday while Sotheby Parke Bernet in New York was setting

### SALEROOM

BY ANTHONY THORNCROFT

an auction record for a painting, Oriental Treasures, an American dealer, paid £25,000 for an 18th century ivory netsuke of a recumbent stallion, signed

Okatomo. The previous best was £19,000 paid at Christie's in 1979.

The netsuke and inro total of £240,145 was above forecast. Other high prices were £11,500 from Eskenazi for a rare silver lacquered inro and £9,500 for a wooden inro.

In the auction of prints, which totalled £153,183, a set of oriental racehorses by Ekemyn-Allesson sold for £6,500, and eight plates by H. Alken of the Beaufort Hunt, 1833, for £5,000.



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By protecting heads with a range of safety helmets, face-masks and eye-wear.

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By making your workforce happy with a regular supply of clean towels in your washrooms.

And keeping those clean hands safe with our range of hard-wearing gloves.

Their feet could be protected by Sketchley's whole range of proven safety footwear. And any dirt that might come into your premises can be absorbed by the Sketchley dust-mat service.

We are able to serve industry in all these different ways. Because service is what Sketchley Rental and Safetywear is all about. If you'd like to know more about how we are able to help you, write to us at:

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# Greenall Whitley

Brewers since 1762

Unaudited group results for the six months to 28th March, 1980

	Six Months ended	Six Months ended	Year ended
	28.3.80	30.3.79	28.9.79
TURNOVER	£800	£800	£800
Trading Profit before	88,381	79,381	162,233
Charging Expenses below	13,432	11,199	25,379
Repairs to Properties	2,216	1,803	3,996
Depreciation	1,957	1,460	3,230
Interest Payable	1,160	1,430	2,358
Investment and Short Term Interest	(193)	(100)	(273)
PROFIT BEFORE TAXATION	8,292	6,606	16,068
less ESTIMATED TAXATION	3,056	2,383	5,798
PROFIT AFTER TAXATION	5,236	4,223	10,270
less Preference Dividend	194	194	388
Earnings per Ordinary Shareholders	5.042	4.029	9.882
INTERIM DIVIDEND to be paid on 18th July, 1980	1.661	847	2.906
2nd INTERIM DIVIDEND paid on 7th September, 1979	—	675	—
	1.661	1,522	2,906
Earnings per Share			
Ordinary Share	9.11p	7.28p	17.85p
'A' Ordinary Share	1.82p	1.46p	3.57p
Earnings per Share (calculated on the basis of a 52 per cent tax charge)			
Ordinary Share	6.84p	5.38p	13.23p
'A' Ordinary Share	1.37p	1.08p	2.65p

\*Adjusted to reflect the effective rate of tax for the full year.

- Profit before tax up 25.5 per cent.
- Interim Dividend of 3p per Ordinary and 0.6p 'A' Ordinary Share payable on 18th July, 1980.
- Early repayment of £9 million Medium Term Loans due to strong cash flow.
- In spite of inflation, encouraging results from all activities.

C. J. B. HATTON  
ChairmanGreenall Whitley & Co. Ltd.,  
Wilderspool Brewery, Warrington WA4 6RH

## INTER-CITY

Investment Group Limited

Results for the financial year ended 31st December, 1979.

	1979	1978
Group Turnover	£10,123,000	£9,846,000
Profit before Taxation (including share of profits of associated companies £46,000) (1978 £15,000)	167,000	700,000
Taxation	30,000	178,000
Profit after Taxation	137,000	522,000
Dividends	56,000	108,000
Retained Profit	£81,000	£413,000
Net Earnings per Ordinary Share	1.47p	5.60p

The expectation of an improvement in demand arising from the October, 1979 income tax repayments was not fulfilled and turnover was maintained only at the expense of gross profit margins. This, together with an increase in interest charges of £273,000 over 1978 stemming from the very high interest rates both at home and abroad, resulted in a downturn of profits and for the year to 31 December, 1979, the Group profit, before taxation, amounted to £167,000. These results are considered by the Directors as a temporary setback only, but having regard to the lower profit and the very high cost of borrowing, they consider it to be in the best interests of the Company not to recommend the payment of a final dividend.

The Wholesale Distribution Division continues to be the major contributor to Group profits. Ranges of goods have been extended and several large multiple stores are becoming regular customers. Turnover of our Cash and Carry outlets continues to increase and it is still the Board's policy to extend this business as and when opportunities occur. Gross profit margins in the first quarter of this year show a recovery and on the basis of demand continuing at present levels this Division is expected to show a good improvement on last year.

The depressed state of the textile industry had its effect on the Textile Manufacturing Division which suffered a trading loss of £220,000. The remedial action taken last year did not have the full effect anticipated during the second half of 1979 but it has enabled the range of fabrics to be increased and new customer areas to be pursued. Now, for the first time in many months our order book looks encouraging and if this trend continues, a return to profitability of this division should materialise before the end of 1980.

Future Prospects  
The ever-changing political climate and economic measures, both home and abroad, continue to have their effect on industry and without reasonably stable conditions the future must remain uncertain. However, the start to the year has been encouraging and leads us to anticipate a good recovery with profits for the year up on those of 1979.

J. Harris, Chairman

Copies of the Report and Accounts are available from the Secretary.

Inter-City Investment Group Limited  
Glasshouse Fields, Cable Street, London E1 9HZ

This advertisement appears as a matter of record only.



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Algemene Bank Nederland N.V.

24p 1980

## UK NEWS

# BR Chunnel company mooted

BY LYNTON McLAJN

AN INDEPENDENT company may be set up to own and operate a Channel Tunnel. Sir Peter Parker, the chairman of the British Railways Board, said yesterday.

He told a meeting of the Royal Institute of International Affairs in London such a company could act as a link between the Government, which owns British Rail, and the private investors now being sought to fund a Channel Tunnel.

British Rail wants the Government to decide about a fixed link across the English Channel next year. The first step after Government approval would be the preparation of a treaty with France formally committing both sides to build a link.

The necessary legislation would take about two years and work on building the tunnel could start by 1983 if the Government approval was given next year. And the link could be in operation by 1989.

Sir Peter recognised that the attempt to attract private risk capital for a Channel Tunnel could involve spreading the capital requirements over "several phases".

But he had no doubts about the economic viability of the single-bore rail only tunnel proposed by British Rail and French Rail. The joint final report of the two railways is expected to be published by early autumn.

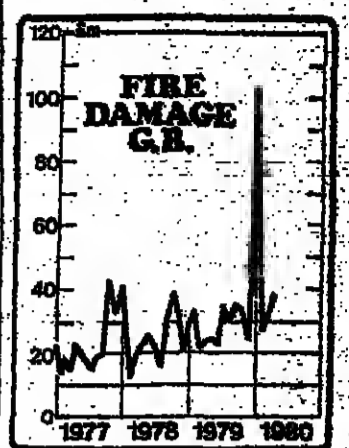
In the meantime British Rail is looking forward to the next meeting of European

Community transport Ministers in July. Sir Peter said he had hopes of more positive EEC moves on the tunnel at the meeting.

Forecasts for traffic flow through the tunnel pointed to 8m passenger journeys a year and 2m tonnes of freight—representing a third to a half of the Channel freight business—by the end of the century. In addition, BR planned to take up to three motorail trains a day through the tunnel. Lorries would not be carried.

## Fire loss up by £4.5m

BY ERIC SHORT



FIRE DAMAGE costs rose £4.5m in April to £38.6m, £18m higher than damage for April last year, according to figures issued yesterday by the British Insurance Association.

This brought damage costs this year to £201m, nearly double the figure for the corresponding period last year. Much of this year's increase arose from the fire in January at the British Aircraft Corporation's warehouse at Weybridge costing £72.5m—the largest fire damage case in the UK.

In contrast to the general trend in recent months there was only one fire in April where damage exceeded £1m. This occurred at the bottle store of Wickham and Lang in Johnstone, Renfrewshire, causing £2.7m of damage.

There were another 12 fires where damage exceeded £250,000, so the high level of damage last month arose from a larger number of smaller fire claims. There were 104 fires costing more than £40,000 including 65 in places used by the public.

## Tax laws 'spur to marriage'

By Elaine Williams

British taxation laws are inefficient because they provide an artificial incentive to marry, says a report by the Institute of Economic Affairs published today.

The report says "families receive extremely favourable tax treatment compared to the treatment of single people in the same circumstances."

## SNP renews oil revenue demand

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE SCOTTISH National Party, despite crushing defeats in the general election last year and the local elections in March, returned to its old demand yesterday that all oil revenues from the North Sea should go to Scotland.

At the opening of the party's annual conference in Rothesay, the party's chairman, Mr. Gordon Wilson, MP for Dundee East, said that the choice had been given to the people of Scotland: rich Scots, or poor British. The choice had been made when first used, he added, but had proved horribly correct.

"In this conference I do not

want us to pull our punches. The Tories are destroying modern Scotland and the North British Labour Party is allowing them to get away with it."

"With independence and control over our own oil resources and national financing, we could show that we could prevent Scotland from falling into the abyss of de-industrialisation. As Norway has displayed, countries with oil wealth can curb inflation and get economic growth without pricing themselves out of world markets as Britain is doing."

The party, which lost nine of its 11 Parliamentary seats in March last year and 100 council-

lors at the local elections, it at its lowest electoral level for a decade. But morale is high among delegates who believe the Government's economic policies will lead to an industrial collapse which will force Scots to turn back to the SNP as the only credible political option.

Mr. Douglas Henderson, senior vice-chairman, said: "The old alliance of Labour, which controlled local district councils, and the Conservatives was imposing expenditure cuts on teachers, who are striking over pay in Scotland."

"The teachers are not the only ones with a grievance."

There are a quarter of a million Scottish pupils whose education is being affected by the Government's intransigence on the pay question and the Labour council's cowardice in not fighting against the Tories. SNP councils would not have been so coy."

Mr. Tim Silvers, former MP for South Ayrshire, who left Labour to form his own independent group and is now to join the SNP, addressed a fringe meeting last night calling for a more radical leadership in the independence movement for Scotland. But Mr. Jim Fairlie, accused him of being out of touch.

## Furniture industry 'in recession'

BY JAMES McDONALD

THE UK furniture industry is in one of the worst slumps for more than a decade, says a leading manufacturer.

The industry—enjoying boom conditions almost a year ago—is traditionally in the front-line of any up-to-date total of short-time working.

Short time working and redundancies have become widespread.

But some manufacturers, particularly those with good export trade in the upper price end of the market, are faring better than others. Even in exporting, however, producers face difficulties because of the strength of the pound.

Gomme Holdings, maker of G-plan furniture, is one of the latest manufacturers to introduce short-time working—a three-day week for 800 workers at its Nelson factory, which deals mainly with the trade's upholstery side.

In addition 200 workers and office staff out of a total of 700 are to be made redundant by August at the Grovewood Products Kitchen Furniture plant in Tipton, West Midlands. The company, part of the Dupont Group, says the cut have to be made as part of a streamlining plan.

The industry employs 90,000 people and sells £1.6bn worth of wooden furniture and upholstery a year.

There are no giants in the industry, Gomme Holdings, for example, is one of the larger manufacturers employing just under 2,000 people. Its turnover last year was £30.5m. Christ-

ler, the largest had a turnover last year of £69m. It employs nearly 3,200 and has also introduced some short time working.

The industry's fragmentation means it is impossible to obtain any up-to-date total of short-time working. But earlier this month Mr. H. N. Sporborg,

chairman of Gomme Holdings, said the furniture market, and upholstery in particular, had been reduced drastically since the end of February.

He estimated that the industry's trade deliveries in the first quarter of this year had fallen 15 per cent in volume compared with the same period in 1979.

The latest official statistics for the industry cover up until

the end of February. The Department of Trade's index of orders in hand, on a seasonally adjusted basis, stood at only 59 (1975=100). This is 28 points, or 32 per cent, lower than in February 1979. The three-months running index was 28.7 per cent lower.

With the industry already facing a much smaller domestic market it is concerned about the rising trend in imports, particularly cheap products it suspects of being unfairly priced.

The imported furniture share of the UK market is only about 18 per cent, and until fairly recently exports and imports have not been too much out of

balance—respectively £156m and £178m last year. Imports are increasing, mainly from the countries suspected of dumping.

British manufacturers have been in touch with the anti-dumping unit at the Department of Trade and with makers in other EEC nations. They believe Czechoslovakia, East Germany and Romania may be subsidising exports through their state trading organisations.

Among "market orientated" countries being investigated and against whom a case of unfair pricing may be made to the Department of Trade are the U.S., South Africa, Malaysia, Taiwan, Indonesia and Yugoslavia.

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So we put together a complete financial package. Enough working capital to make sure they could keep rolling...and more, to expand their exports abroad.

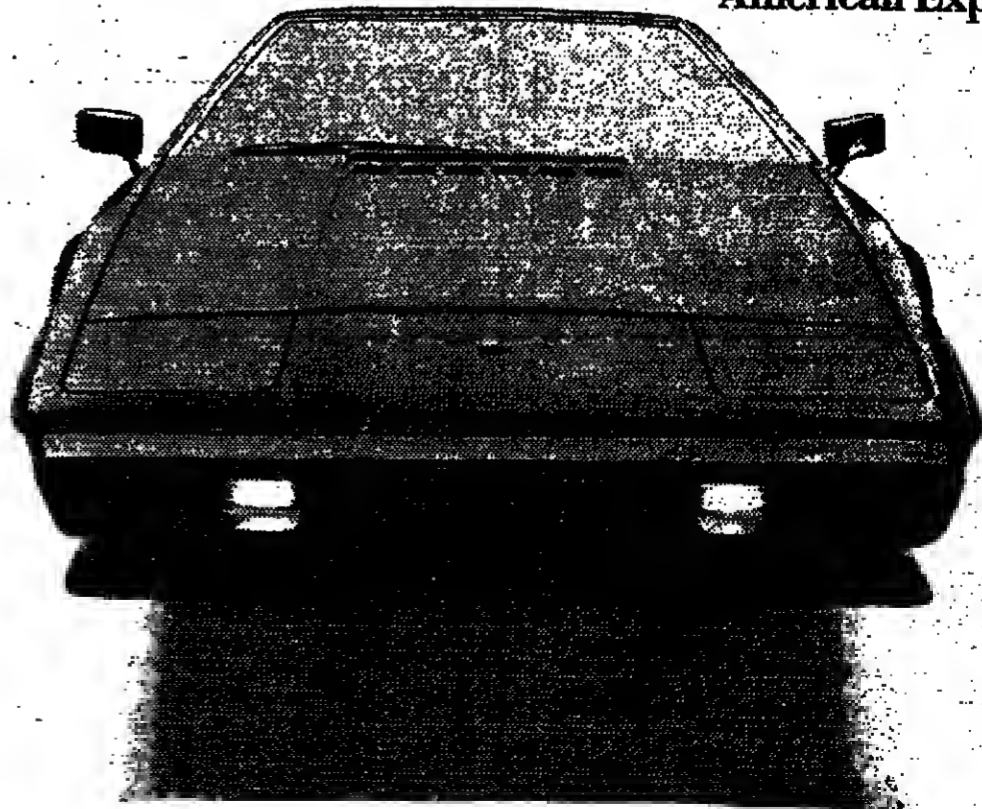
And it worked. Sales in the six months following our action rose over 50 percent.

American Express Bank has a long tradition of helping businesses grow. With a global network and a full range of commercial and investment banking services, we can handle both ends of a transaction: from raw material to finished product, from exporter to importer.

And as our financing of this car manufacturer proves, we're ready to consider long-range commitments—almost anywhere in the world. Maybe we can help you get your business off to a fresh start.



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**FORD GRANADA**



## ANNOUNCEMENTS

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• A QUALIFIED ACCOUNTANT is required with proven success in a senior finance role in a related field, including practical experience of computerisation.

• AGE late 30s. Salary for negotiation around £15,000. Location northern Home Counties.

Write in complete confidence  
to D. A. O. Davies as adviser to the company.

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• A QUALIFIED ACCOUNTANT is required with at least ten years' industrial experience. A thorough costing background is essential, gained preferably in the electrical or electronic industry.

• SALARY for discussion; £15,000 is the indicator.

Write in complete confidence  
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• INITIAL SALARY around £12,000.

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## COMPANY NOTICES

## GERMAN GOVERNMENT INTERNATIONAL 5% LOAN 1970 (YOUNG LOAN)

The Bank for International Settlements, in its capacity as Trustee for the German Government International 5% Loan 1970 (Young Loan), is pleased to announce that the following exchange rates will be applicable from 1st August 1970:

On 1st August 1970, after the expiry of the currency of issue, the exchange rate of the Young Loan will be calculated on the basis of the most depreciated currency in the market. The rate of exchange will be calculated on the basis of the most depreciated currency in the market. The rate of exchange will be calculated on the basis of the most depreciated currency in the market.

On the basis of legal opinions which it had obtained, in May 1967 the Trustee formally declared the rights of Bondholders of all issues of the Young Loan to be preserved. The Trustee has now received the necessary approvals from the German Federal Government to enable it to make the necessary adjustments to the Young Loan.

The Trustee accordingly instructed the Paying Agents to pay the Young Loan to the Bondholders of the Young Loan on the basis of the most depreciated currency in the market. The Trustee has now received the necessary approvals from the German Federal Government to enable it to make the necessary adjustments to the Young Loan.

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## LABOUR NEWS

## Post Office clerks may resign from CPSA

BY PHILIP BASSETT, LABOUR STAFF

POST OFFICE clerical workers in the Civil and Public Services Association are threatening to transfer their membership to one of the other major unions in the telecommunications business.

A transfer by the 37,000 Post Office members would be a serious blow for the CPSA, which has maintained its Post Office membership since the corporation separated from the Civil Service in 1969.

It would greatly reduce the membership power wielded by the union in both the TUC and in the ranks of the other Civil Service unions.

The two other unions most likely to pick up the CPSA members in the Post Office are the Union of Post Office Workers, the largest union in the corporation, and the Post Office Engineering Union.

The CPSA, which organises a time merger talks with the UPW, Union officials acknowledge that a merger is likely to arise between the two contending unions with the UPW the favourites for the Post and Telecommunications membership, especially in view of a recent arbitration award for the POEU which went heavily

against the interests of CPSA members.

A merger with the CPSA would have considerable advantages for the UPW, which is facing serious problems in the telecommunications business—mainly telephonists—drawn apart from the bulk of its postal members in the forthcoming split between posts and telecommunications.

The addition of the CPSA's members would give the UPW a considerable bargaining unit of some 80,000 members. The CPSA, though, is concerned about the degree of autonomy its members would enjoy in the UPW.

The POEU has formally proposed a merger to the CPSA, offering the union's Post Office members the security of an autonomous occupational group within the union, including a separate annual conference and direct representation on the union's executive council at both national and regional levels.

At present, the POEU executive comprises 23 members, 12 elected, under the regional system, and 11 by various occupational conferences.

CPSA Post Office members

have become increasingly concerned about their subordinate position within the main Civil Service grouping of the union. Their pay and conditions are negotiated separately and their more stable membership is alarmed at the deepening political divisions in the main body of the CPSA.

The Post Office group has also seen its power in the union waning following the decision of last year's annual conference to end the block voting system for national executive elections. In particular this year saw the defeat for the national executive of the popular chairman for the Post Office group, Mr. Sidde Wood.

Mr. Ken Thomas, CPSA general secretary, has already alerted the union's Civil Service members to the fact that the Post Office group "is currently discussing their future in the trade union movement in their industry."

He has told members that he wants the Post Office group to stay in CPSA, but he also wants the union property equipped to represent them. Such questions, he has said, are fundamental to the future of the CPSA.

## Prom planning goes ahead

BY OUR LABOUR STAFF

PREPARATIONS for this year's season of BBC Proms are well under way, despite the threat of a strike by the Musicians' Union.

The Proms season starts in six weeks, but the night concerts were under threat late yesterday of prolonged industrial action by the union.

It has been threatening to strike from Sunday over the Corporation's plans to axe five of its 11 orchestras as part of a two-year economy drive to save the corporation £130m.

The union and the BBC were still meeting late yesterday in

an attempt to avert the strike— which could almost certainly mean the union's 41,000 members refusing to work for the BBC.

The union said earlier this week that it was very pessimistic about the prospect of a solution. It has also dismissed reports about offers designed to save the orchestras in Scotland and Northern Ireland.

The corporation has said that it will co-operate with any attempt by other groups to share the burden of music-making in those regions affected by the cuts.

Mr. Robert Penonby, BBC Controller of Music, said yesterday that the planned Proms programme will be pursued until the last moment and if any strike is settled during the eight week season the hope will be to start the concert as soon as practicable.

If the Proms are completely cancelled it will cost the BBC over £200,000 in compensation to artists and to the Royal Albert Hall, the venue. Last year the usually profitable series of concerts made a small loss.

## Strike threat lifted at Labour HQ

THE THREAT of a pay strike by staff at the Labour party's new Walworth Road headquarters in South London was lifted yesterday when the Transport and General Workers Union, which has the majority of staff at the headquarters, voted 94-7 to accept a new offer of 2.5 per cent.

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## 'Special stresses' face women in top jobs

BY PAULINE CLARK, LABOUR STAFF

WOMEN MANAGERS face special stresses which expose them to stress-related disease; the tree also deter other women from taking management jobs, according to a pilot study published yesterday.

The study, produced by researchers at the Manchester Institute of Science and Technology, claims that in addition to the conflicting demands of career and marriage or family, women managers are subjected to sources of occupational stress which are not experienced by their male counterparts.

Women in senior posts must regularly cope with such problems as feelings of isolation and their own "double burden" in addition to the "token woman" in preparation for a larger search project on the sources and levels of stress experienced by British women managers.

More than half the sample claimed that male colleagues had been promoted more rapidly, even in the past two years, this had been the case for three-quarters of the sample.

The project took a sample of 125 women managers whose positions ranged from company directors and executives to personal managers, bank managers, engineers, just over half worked for private industry, 21 per cent were in Government jobs and 19 per cent in non-profit making organisations.

Ms Marilyn Davidson, Research Associate and Professor of Management Educational Methods, published the results of their pilot study in the latest issue of Personnel Management in preparation for a larger search project on the sources and levels of stress experienced by British women managers.

More than half the sample claimed that male colleagues had been promoted more rapidly, even in the past two years, this had been the case for three-quarters of the sample.

## Picketing at MFI centres

Financial Times Reporter

East London, branch of MFI, the furniture group, will continue until the company reinstates 12 sacked Transport and General Workers' Union members and recognises the union, the TGWU said yesterday.

Union officials said MFI's public image was one of a modern and progressive concern, but as far as their industrial relations are concerned this dispute has shown they are still in the dark ages.

The 12 union members lost their jobs on May 21 after taking part in a strike for the reinstatement of a fellow member, Mr. Gary Cook, who they believe was sacked unfairly for his trade union activities. He had been encouraging other workhousemen to join the TGWU.

## Carpet workforce 'may be halved'

BY LORNE BARLING

THE NUMBER of jobs in Britain's carpet industry could be virtually halved in the next three and a half years, from 15,000 to 7,500, according to a study by the Carpet Industry Training Board which suggested three possible scenarios by 1985, based on various economic and industry factors.

The best of these was 34,000 jobs and the worst 15,000. But after an ASTMS conference last week and a more recent survey of the current position at a large number of carpet companies, it is now believed that the level of 15,000 jobs will be reached by 1984.

Mr. Ken Orme, carpet industry divisional officer for the union in Birmingham, said a large number of carpet companies had recently closed or declared redundancy, and the outlook was bleak. His prediction of a major decline in the next few years

was based on the number of companies being supported by Temporary Short Time Working Compensation, high interest rates, high inflation and the growing level of imports.

"No" enough weight was given in the report to the effect of new technology being introduced in offices, which will have serious long-term effects on demand," he said.

Efforts to have import quotas adjusted to stem the flow of imports have so far proved fruitless, and the union is pessimistic about any government action on this front.

The industry's main hopes lie in the recently initiated tripartite talks between the Trades Unions Congress, the British Carpet Manufacturers Association and the Department of Industry, although progress here is understood to be slow.

## COMPANY NOTICES

## PROVINCE OF NEWFOUNDLAND (CANADA)

Canadian Dollars 20,000,000 9½% 1975/1983 Bonds  
Pursuant to the provisions of the Purchase Fund, notice is hereby given to Bondholders that nominal Cdn \$ 500,000 have been purchased for the Purchase Fund during the twelve-month period commencing May 15, 1979.

Amount outstanding: Cdn \$ 19,250,000.  
PROVINCE OF NEWFOUNDLAND (Canada)

May 29, 1980.

## PERSONAL

HELP THE SPREAD of education in the field of future conservation and help protect British birds. The RSPB asks to save land for bird reserves, to help education, to help conservation, to help the environment. Help the RSPB to save land for bird reserves, to help education, to help conservation, to help the environment.

## CLUBS

THE RSPB has invited the others because of the policy of law play and value for money. The RSPB asks to save land for bird reserves, to help education, to help conservation, to help the environment. Help the RSPB to save land for bird reserves, to help education, to help conservation, to help the environment.

## BANK HANDLOWY W WARSZAWIE S.A.

US\$30 million Floating Rate 1978/79  
The rate of interest applicable for the six months period beginning on 29th May 1980 and set by the reference agent is 10½% annually.

## LEGAL NOTICES

PREVENTION OF FRAUD INVESTMENTS ACT 1958

NOTICE IS HEREBY GIVEN THAT EXOR SECURITIES LIMITED, of 4, Grosvenor Street, London EC2P 3EP has relinquished the Principal's licence issued pursuant to Section 4 of the Act, having transferred its business to EXOR SECURITIES LIMITED, of 4, Grosvenor Street, London EC2P 3EP. The Principal's licence is hereby transferred to EXOR SECURITIES LIMITED, of 4, Grosvenor Street, London EC2P 3EP.

## LU OVERSEAS FINANCE N.V.

US\$35,000,000 8¼% GUARANTEED BONDS DUE 1987  
Hambros Bank Limited, as the agent, is pleased to announce that the US\$35,000,000 8¼% Guaranteed Bonds due 1987 have been issued by Hambros Bank Limited.

29th May 1980.

HAMBROS BANK LIMITED.

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# ONCE YOU'VE DRIVEN ONE, YOU'RE UNLIKELY TO DRIVE ANOTHER.

Drive any Mercedes-Benz car you like and you'll soon see why you're unlikely to drive anything else.

Unless it's another Mercedes-Benz, of course.

In fact, previous owners buy four out of every five new Mercedes-Benz cars.

For a moment though, imagine you're driving the one in the photograph.

Far from home, along the wet and winding country road with the light just beginning to fade.

And you'll soon see the difference a Mercedes-Benz makes.

Because you're always in complete control, whichever model you choose.

Whether you're driving in fair weather or foul, along country roads, in heavy town traffic or simply covering mile after mile of motorway.

The one illustrated here, for example, comes with a choice of seven different power units.

Ranging from the economical 200D diesel to the powerful 280E petrol engine.

There are three diesel models, the 200D and 240D, which have 4 cylinder engines and the 300D has the 5 cylinder version.

Of the four petrol models in the series two are 4 cylinder, the 200 and 230, the 250 is a 6 cylinder and the 280E is a 6 cylinder with fuel injection.

You only have to ask yourself which power unit will best suit all your particular requirements.

Because overall performance, in every Mercedes-Benz, is the correct balance between manoeuvrability and sheer power so you can cope with any situation.

To prove it, Scotland's long-distance rally specialist, Andrew Cowan, won the London to Sydney Rally in a 280E that was a virtually standard production model.

And last year, Mercedes-Benz came 1st, 2nd, 3rd and 4th in the Bandama Rally across Africa.

By entering such competitions as these, Mercedes-Benz not only prove the high speed capabilities of their cars but they also test basic construction under extremely demanding conditions.

Which is all part of their programme of continually developing the very concept of the car.

Fulfilling the demands made by the Mercedes-Benz scientists, engineers and designers to go far beyond the test tracks and laboratories.

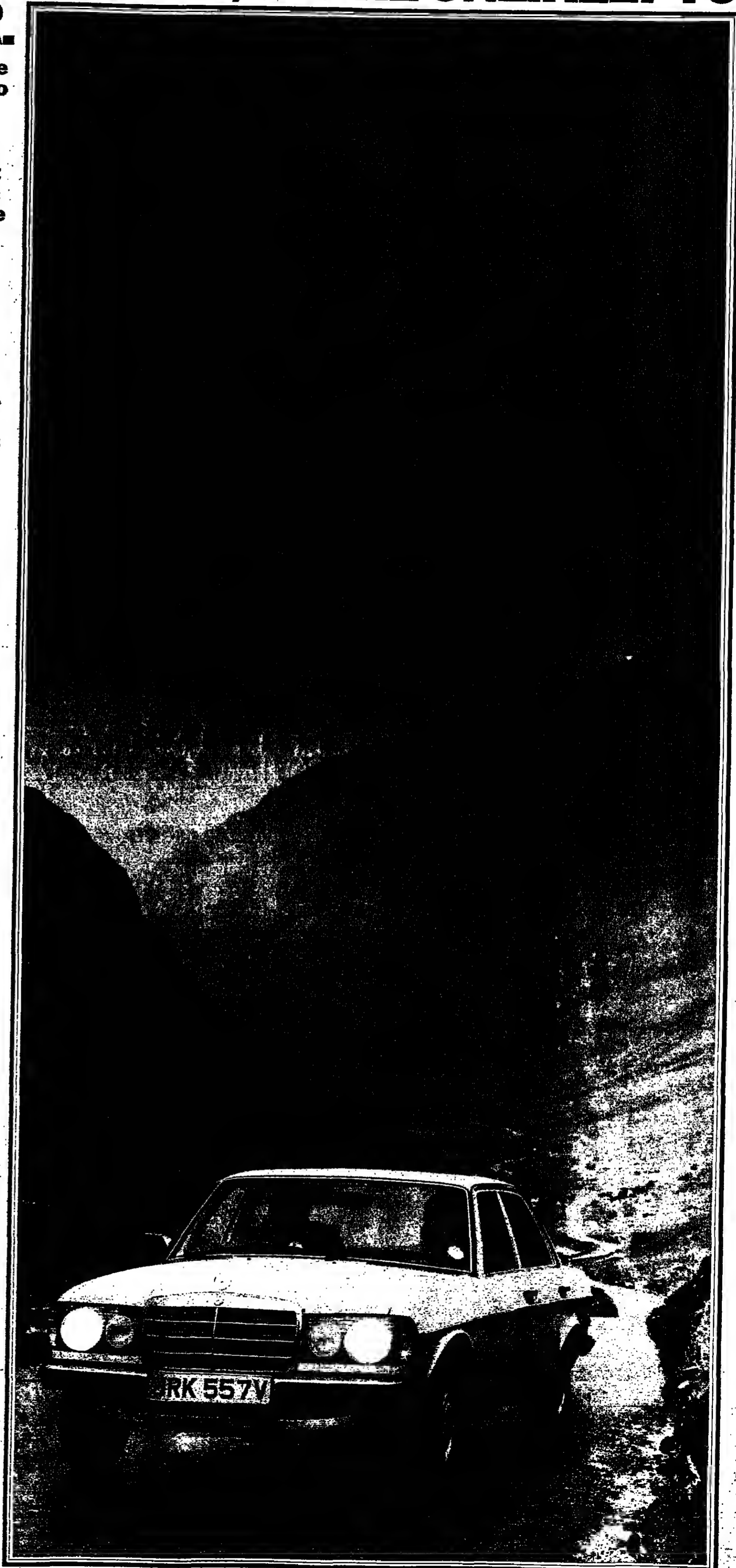
So, at the end of the day, all you have to do is enjoy driving your Mercedes-Benz.

Knowing you're in the car that best suits your particular needs.

Whichever particular Mercedes-Benz you choose.



Mercedes-Benz



# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## ENERGY

### Down-to-earth use of sun power

UTILISATION OF solar power in California (and in the less lucky UK) should result in the increase of crude oil production in many domestic fields, and also save costs on the running of clocks.

From California, the McDonnell Douglas Corporation says that with petrol imports providing more than half of the American nation's requirements, it is proposing to combine solar heat technology with enhanced oil recovery techniques now used in areas where underground crude is too thick for normal pumping.

Most common enhanced oil recovery systems use steam injected into the ground to this heavy oil and increase pressure so that pumps can extract the otherwise unobtainable crude. But, an average of one in three or four barrels of oil produced by the procedure is burned in boilers providing the steam.

Steam-enhanced recovery was producing about 300,000 barrels of oil a day in the U.S. in 1979—studies indicate the technique can yield up to 1m barrels a day by 1990.

The McDonnell Douglas design studies propose an installation of about 200 heliostats (large moveable mirrors that track the sun) focusing solar heat from a 10 acre field on to a central receiver tower which would be the source of thermal energy for generating steam.

During the day, a solar system of this size could displace a 25m BTU/hour oil-fired steam generator, using no fuel and emitting no exhaust pollutants. It would supplement oil-burning steam generators used for around-the-clock operation

of the oil field, producing steam at the same temperature, pressure and quality, and using the existing steam injection system.

The company says that a larger solar system with about 400 heliostats could replace a 30m BTU/hour oil-fired steam generator, using the sun's energy to displace about 21,000 barrels of oil a year—and making steam-enhanced production of new crude economically feasible in otherwise marginal oil fields.

Water recovered from underground with the oil freed by steam can be treated and recycled through the steam generator, minimising the system's water use.

Technology involved in the solar oil recovery proposal initially was developed by the company through work in support of the Solar One 10,000 kW electric power pilot plant—America's first major solar power installation. This is being built in the California desert near Barstow under sponsorship of the U.S. Department of Energy. Southern California Edison Company, and the Los Angeles department of water and power.

The oil recovery concept utilises improved elements (such as second generation heliostats and a simplified receiver) incorporated in the company's design studies, for other possible commercial and industrial solar power tower applications, including proposed projects in Australia and Egypt.

The Australian proposal involves a 1000 kW solar electric plant to serve the new Yulara tourist resort which is being

developed by the Northern Territory Government near Ayers Rock.

In Egypt, the company is working with government agencies on a study of various potential solar power applications.

McDonnell Douglas Corporation, 66, Gildsworth Road, Woking, Surrey (048 62 71311). Meanwhile, in Switzerland, Patek Philippe has developed what is claimed to be the first solar powered, radio controlled, virtually maintenance free clock which is being launched in the UK by English Clock Systems, Indus House, Chase Road, Park Royal, London, N.W.10. (01-965 8011).

Although this is likely to cost up to 50 per cent more than a conventional clock, it requires no mains connection, and no attention between summer and winter time changes.

Only a few hours of sunlight are needed to keep its solar cells full charged, and the clock needs no conventional wiring. Incorporating a 2,000 mile radio synchronisation facility, the Teleclock promises to keep totally accurate and precise observatory time through a permanent radio link up with either one or two transmission control centres in Switzerland and Germany. This is made possible via a quartz crystal time base and a long wave receiver complete with aerial and servo system.

The resultant circuit gives a perfect synchronisation between the minute impulses received from the European transmitter and the minute impulses generated locally in the UK.

Maker says that in the unlikely event of reception failing entirely, the device will be driven by its own quartz crystal, and as soon as reception is restored, any accumulated time error is automatically corrected, and reception is actually only necessary for 10 minutes per day to ensure synchronisation.

It is said to be ideal as an exterior clock for any public building, and all commercial and industrial premises, and it is possible to incorporate an advertisement on the white dial which can be read easily from a distance of 180 metres. The whole unit mounted in an aluminium weatherproof casing.

To keep the station at maximum capacity, the Wey valve is used to maintain the correct balance of 40 per cent of the

## COMPONENTS

### Moves the heat around

DEVICES KNOWN as heat pipes have been developed for stabilising the cyclic thermal loads encountered in metal diecasting and plastics injection moulding machines.

Problems said to have been overcome by the heat pipe, called the Kor-Kool, include long cooling times, high temperature gradients, condensation and poor flow.

The heat pipe is described as a slender lightweight sealed tube which has a thermal conductivity some hundreds of times higher than any known solid material. It reacts quickly to any change in temperature, transferring heat from hot spots to cooler areas and at the same time maintaining a substantially uniform temperature throughout its length.

Inside the tube is a small quantity of volatile liquid which

evaporates and condenses in a closed cycle, transferring heat as latent heat fast and efficiently. Standard pipes are available in diameters from 2mm upwards. They have a response time of a few seconds and will operate from 10 to 250 degrees C.

Suppliers of the heat pipe, Redpoint Associates, Cheney Manor, Swindon, Wilts (0793 38440) says that apart from plastics moulding the device is especially suitable for diecasting aluminium and zinc; it can be used for temperature levelling or for transferring heat into or out of a die.

In some casting or moulding processes it is desirable to heat areas of the die to ensure a continuous flow of the molten material to the more remote parts. Again it is sometimes necessary to switch rapidly from heating to cooling. This is where the heat pipe comes in.

### Keeps it under control

WAVER DESIGN of Reiss Engineering's Way slide valves is claimed to have resulted in pipeline space savings at the new Cambridge sewage treatment works designed by Lemon and Blizard.

Since the works opened in August 1978, there has been more than double the capacity of the former installation to 13.45m gallons—enough to cater for about 165,000 people—and allowance remains for several years' expansion at the current 125,000 population at Cambridge.

The Wey valves installed at the works range from 50 to 800 mm bore, with one of the largest valves controlling the inlet to the plant. Here, a flow meter system registers and directs the amount of effluent passing to the new and old treatment works.

To keep the station at maximum capacity, the Wey valve is used to maintain the correct balance of 40 per cent of the

total flow to the old works, and the remainder to the new installation. Many of these valves are automatically controlled through a linked computer control system, and are said to provide excellent sealing characteristics with the cutting edge at the base of the valve plate making them ideal for all applications experienced at the works.

Any deposits collected on the valve slide or guides are automatically cleared during the closing process, and flush-out corners in the valve body ensure that this debris is flushed away by the increased flow velocity through the valve.

Way slide valve utilises a transverse seal in place of a conventional stuffing box, providing an efficient seal which can easily be repacked while the valve is in service and under pressure.

Reiss Engineering, Dalston Gardens, Stanmore, Middx. (01 204 7155.)

## DATA PROCESSING

### Pension fund work cut

A STAND-ALONE pension fund management and administration computer system designed by United Pension Services (UPS) is to be marketed with the necessary Texas Instruments hardware by Geest Minicomputer Systems, White House Chambers, Spalding, Lincs PE11 2AL (0775 61111).

The system is aimed at funds with memberships ranging from two or three thousand up to several hundred thousand where the current system is still manual or employs batch computing methods or is, in any event, in need of updating in view of the changing pension fund scene of recent years.

Considerable credence is lent to the system by the management services and consultancy experience of UPS, whose managing director Ken Edis is himself an ex-pension fund manager.

No computer knowledge is needed by the user it is claimed, and he can be expected to take full advantage of the machine's facilities with only a few hours' familiarisation. He sits at the customary keyboard/screen desk top unit, is told what to do from the screen, and uses specific function buttons for operations such as printing members' contribution records or benefit schedules.

A typical system for up to 5,000 members consists of the Texas Instruments 990 computer with 128k bytes of memory, 10 megabytes of disc storage, a 150 cps printer, two visual display units and the software supplied on disc with associated operating system. The price of such a system, including installation and 30 man-days of support, is about £32,000.

Known as System 90, the machine is insensitive to the type of fund involved. An electronic scheme file replaces the trust deed and rules of the fund, and any of the parameters encountered can be selected; over 100 variable scales of benefit can be applied. Remainder of the database is the members' records file, fulfilling the role of contributions ledgers and other manual records.

Special software does not have to be written for each scheme, allowing rapid take-up of the system by the user. Facilities include: daily record maintenance, dealing with joiners, leavers and amendments as they arise, enquiries and calculations, allowing the user to bring up the data he needs and carry out arithmetic; and the production of listings and reports at monthly or any other desired frequency.

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These figures are drawn from volume 3 of Pedder Associates' UK Computer Installation Census Series 1979-80—General Purpose Systems under £15,000 which has just been published.

### New Scicon service

DEVELOPED BY the Computer Aided Design Centre for chemical engineers involved in process design and simulation a support service is available from Scicon Computer Services of Milton Keynes.

This covers a number of different systems for all process design aspects ranging from simple mass balances, through detailed process modelling, to capital cost estimation and economic evaluation.

Scicon offers the systems as a complete service run on its Univac computers at Milton Keynes.

The services are supported by an engineering team at Scicon backed up by the Computer Aided Design Centre in Cambridge. The services are an extension to other chemical engineering services already offered by Scicon for aspects

such as heat exchanger design, pipe stress analysis and physical properties.

Scicon at Brick Close, Kilm Farm, Milton Keynes MK11 3EJ. 0908 565656.

### Production venture

FORTRONIC AND International Computers (ICL) are to combine in a development and production venture whereby ICL will market in the UK and the Republic of Ireland the electronic products manufactured by Fortronic for a wide range of financial applications.

Through this, ICL will significantly increase its involvement in the manufacture of electronic products in Scotland, complementing the computer software development at its Dalkeith research centre, while Fortronic will gain direct access to ICL's international marketing experience.

Fortronic's key development to date is its microprocessor-based transaction terminal system, originally designed by Fortronic in collaboration with the Clydesdale Bank, which has successfully implemented a major network of these systems in its branches throughout Scotland. By 1981, there will be about 360 branches linked in to the network, with over 1,500 terminals installed.

By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its news broadcasts.

## NOTICE OF SUPPLEMENTAL INDENTURE

### TEXAS INTERNATIONAL AIRLINES FINANCE N.V.

#### 7½% Convertible Subordinated Debentures Due 1993

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Indenture, dated as of August 15, 1978, under which the above Debentures were issued (the "Indenture"), that Texas International Airlines, Inc. (the "Guarantor") proposes to merge, on or about June 11, 1980, with TXA Corp., an indirect wholly-owned subsidiary, with the Guarantor as the surviving corporation. By reason of such merger, each share of Common Stock of the Guarantor shall become one share of the Common Stock of Texas Air Corp., and the Guarantor shall become a wholly-owned subsidiary of Texas Air Corp.

Texas International Airlines Finance N.V., Texas International Airlines, Inc., Texas Air Corp. and Citibank, N.A., as Trustee, have entered into and executed a First Supplemental Indenture, dated as of May 23, 1980, which amends the terms of the Indenture by providing, among other things, that:

The above Debentures are convertible into shares of Common Stock of Texas Air Corp. instead of shares of Common Stock of Texas International Airlines, Inc. Texas Air Corp. will reserve shares of its Common Stock for conversion of outstanding Debentures, register such shares with or obtain necessary approval of such shares from appropriate government authorities, list such shares on the appropriate security exchanges, and sell shares to Texas International Airlines Finance N.V. and/or Texas International Airlines, Inc. so that conversions of the above Debentures may be effected.

Except as expressly supplemented, all the terms, provisions and conditions of the Indenture remain in full force and effect.

By Texas International Airlines Finance N.V., Issuer



### SAFETY Prevents loose screws

DESCENDING spectacles can be a nuisance, so an idea to prevent the small screws of spectacle frames from working loose, a common occurrence as wearers of spectacles can testify, should be interesting. Developed by Remec Engineering (Plymouth) is a machine that will incorporate a locking device into the screws. The idea, a simple one, is to insert a nylon filament into a slot cut along the length of the screw. The filament is slightly proud and prevents the screw from working loose once it has been fixed.

Although the idea is simple its application is difficult, especially when it is considered that the screws used in frames are between 2.5mm and 4.5mm long and 1.5mm in diameter. Remec's machine will cut the slots and insert the nylon filament, a job which it is impracticable to do manually.

The machine, which is intended to produce more than 100m modified screws in its lifetime has been ordered as a prototype by Payne Products International (Long-Leak, Devon, for its subsidiary in West Germany. Interest is also being shown in the U.S.

Payne Products initially put the idea to another company five years ago, but it was unable to produce a prototype which could work to such fine measurements and check that each of the four stages of production had been completed.

The machine has a pneumatic-electronic power system and can be fitted complete with its control unit into an area 4 ft by 8 ft 6 in (1,220 mm by 1,068 mm).

Remec Engineering (Plymouth), Newham Industrial Estate, Plymouth. Tel: 0752 333424.

## BASE LENDING RATES

ABN Bank	17	%	■ Handelsbank	17	%
Allied Irish Bank	17	%	■ Hil Samuel	17	%
American Express Bk.	17	%	■ C. Hoare & Co.	17	%
Amro Bank	17	%	■ Hongkong & Shanghai	17	%
Henry Ansbacher	17	%	■ Industrial Bk. of Scot.	17	%
A P Bank Ltd.	17	%	■ Keyser Ullmann	17	%
Arbuthnot Latham	17	%	■ Knowsley & Co. Ltd.	19	%
Associates Cap. Corp.	17	%	■ Langris Trust Ltd.	17	%
Banco de Bilban	17	%	■ Lloyds Bank	17	%
Bank of Credit & Cmce.	17	%	■ Edward-Manson & Co.	18	%
Bank of Cyprus	17	%	■ Midland Bank	17	%
Bank of N.S.W.	17	%	■ Saitou Montagu	17	%
Bank of London	17	%	■ Morkan Grenfell	17	%
Banque Belge de Paris	17	%	■ National Westminster	17	%
Banque du Rhone et de la Tamise S.A.	17	%	■ Norwich General Trust	12	%
Barclays Bank	17	%	■ P. S. Relfson & Co.	17	%
Bremer Holdings Ltd.	18	%	■ Rossminster	17	%
Brit. Bank of Mid. East	17	%	■ Ryl. Bk Canada (Ldn.)	17	%
Brown Shipley	17	%	■ Schlesinger Limited	17	%
Canada Perm't Trust.	18	%	■ E. S. Schwab	17	%
Cayzer Ltd.	17	%	■ Security Trust Co. Ltd.	18	%
Cedar Holdings	17	%	■ Standard Chartered	17	%
Charterhouse Japhet	17	%	■ Trade Dev. Bank	17	%
Choulantons	17	%	■ Trustee Savings Bank	17	%
Comptoir Coates	17	%	■ Twente Bank Bk.	17	%
Consolidated Credits	17	%	■ United Bank of Kuwait	17	%
Co-operative Bank	17	%	■ Whiteaway Laidlaw	17	%
Corinthian Secs.	17	%	■ Williams & Glyn's	17	%
The Cyprus Popular Bk.	17	%	■ Wintrust Secs. Ltd.	17	%
Duncan Lawrie	17	%	■ Yorkshire Bank	17	%
Eagle Trust	17	%	■ Members of the Accepting Houses Committee.		
E. T. Trust Limited	17	%			
First Nat. Fin. Corp.	18	%			
First Nat. Secs. Ltd.	18	%			
Robt Frost	17	%			
Anthony Gibbs	17	%			
Greynhoud Guaranty	17	%			
Grindlays Bank	17	%			
Gulnness Mahon	17	%			



## THE MANAGEMENT PAGE

## The helmsman waits for a fair wind

Geoffrey Owen on how Aurora, after a period of rapid growth, must now consolidate as it ponders its next course

WHEN A COMPANY which has grown at breakneck speed and is still digesting two large acquisitions, loses its chairman and chief architect, there is bound to be anxiety among investors and employees. That is why Robert Atkinson, who takes over as chairman of British Shipbuilders on July 1, is continuing as part-time chairman of Aurora Holdings, the Sheffield-based company which he has transformed over the past seven years into a substantial engineering business.

In special steels Aurora is in the throes of a rationalisation programme which will take another year to complete. To have severed his links with the company at this stage would have been as unwelcome to the shareholders as it was to Atkinson himself. Last year pre-tax profits fell for the first time since he took over. There are sceptics who say that Aurora has tried to grow too fast.

Although Atkinson will stay at the helm, the key question is whether the management team under him is strong enough to see the company through what he regards as a period of consolidation and to establish Aurora as a soundly based engineering and steel-making group with a coherent strategy for expansion. This has to be done, moreover, at a time when the financial and competitive pressures on the engineering industry are likely to be acute.

## Acquisitions

Since 1972 when Atkinson first became involved with Aurora—he was appointed chairman in 1973—a series of acquisitions has pushed sales from £8m to over £150m and the number of employees from 1,500 to 5,500. Pre-tax profits went from £228,000 to £4.3m in 1978, dropping back to £3.8m in 1979, largely because of high interest payments and national strikes. The two most recent acquisitions—the steelmakers Samuel Osborn and Edgar Allen Balfour, bought in 1978 and 1979—not only imposed a financial burden, but took Aurora into a fiercely competitive international business.

With interest rates at their present level, there is an obvious incentive to reduce gearing through the sale of assets. Surplus land and buildings are being disposed of. The divestment of some peripheral businesses is being considered; one or two small subsidiaries have already been sold. But Atkinson feels under

no pressure to make quick sales. He is prepared to wait until the right price is offered and in the meantime continue improving the profitability of the subsidiaries concerned.

Up to now Atkinson, who is 64, and his 40-year-old managing director, Arthur Watt, have shown remarkable skill in unlocking the potential of run-down companies—starting with Aurora itself in 1972-73. Then called Aurora Gear and Engineering, it was a jumble of 35 separate subsidiaries, mostly doing sub-contract work without proprietary products of their own. Watt, who had been brought in by Atkinson from Sheffield Twist Drill as finance director, installed a system of financial controls. The loss-makers were closed down or sold off and the management of the viable units was strengthened.

Since then every acquired company has been subjected to a ruthless attack on overheads and surplus assets the elimination of extravagance at all levels (from drawn cocktails and coq au vin in the directors' dining rooms to over-manning on the shopfloor) and the removal of incompetent managers. It is an exacting style of management to which Atkinson, a war-time naval commander, and Watt, a Scottish accountant by training, have both contributed.

But it is more than simply cutting out fat. When they took over Andertoo Forco in 1973, it was clear that the Forco side of the business, making laundry equipment, was not viable. But Andertoo had an outstanding product: it is one of the three leading world suppliers of circlips and retaining rings, exporting 75 per cent of its production. "The product was there," says Watt, "and we had to put life into it. As in so much of engineering and steel, the marketing strategy was wrong."

Another example was G. L. Willan, a Rotherham metals business bought from the receiver in 1976. The gross purchase price was £300,000 and a further £200,000 has been invested in it; last year Willan made pre-tax profits of £750,000. As a private company, Willan had been a pioneer in the vacuum melting of high-alloy steels for aircraft engines and other demanding applications. Again the products and the technology were sound; what Aurora provided was internal discipline and a new emphasis on aggressive marketing.

On a larger scale the same treatment has been applied to the two special steels companies, Samuel Osborn and Edgar Allen Balfour (EAB).



Architects of a fast-expanding engineering group: Mr. Robert Atkinson (left) and Mr. Arthur Watt, chairman and managing director of Aurora Holdings.

Osborn had always been strong technically, but lacked what Atkinson calls "commercial acumen." Aurora imposed tighter disciplines and stronger pressure to improve performance. For example in Osborn-Musket Tools, a subsidiary making engineers' cutting tools, the labour force was cut back, the manager was replaced, delivery times of standard products were improved by cutting back on "specials" and a new bonus scheme was installed for salesmen. Last year the company's profits almost doubled compared with 1978.

## Turnround

A similar turnround was achieved at one of the EAB subsidiaries, Edgar Allen Foundry. An old-established business making manganese and alloy steels for heavy duty applications, it was over-staffed and lacked a clear selling policy. The scrap rate was high, deliveries poor: it was losing £1m a year. The new management drastically reduced the level of overheads. Quality control was improved. Knight Wegenstein, a firm of foundry consultants, were brought in to advise on re-equipment and most of their recommendations were accepted. The business is now profitable.

The special steels business itself is heavier in several senses than most of Aurora's activities; it takes longer to change direction. Part of the logic of buying Edgar Allen Balfour so soon after Samuel Osborn was to secure economies of scale through rationalisation. The plan is that EAB's primary reduction works at Openshaw,

Manchester, which has modern equipment including a GFM forging machine, will supply billets to the Osborn rolling and finishing works at Ecclesfield, near Sheffield; the Osborn steel-making plant in Bradford will cease operations. Just as important as physical rationalisation is the drive for more sales. Watt believes that some British special steels companies, unlike their Continental rivals, have been too inclined to watch their markets disappear and adjust their capacity downwards to match their reduced sales. "You don't go business by retrenching," he says. Again it is the marketing strategy which has been lacking. A big effort is now under way to develop more overseas business, especially in the aerospace industry which Watt regards as one of the most promising long-term market opportunities—and not just for the steel companies.

Aurora's priorities over the next year or so are to reduce ability of the recent acquisitions' gearing, boost the profits and identify more clearly those sectors of the business where new investment is needed. With a turnover now running at an annual rate of over £150m, the group ought to be making pre-tax profits in the £3m-£10m range, compared with the £3.8m achieved last year.

Atkinson and Watt believe that the management team will be able to deal with the immediate problems and keep Aurora moving forward. The structure consists of a very small head office at Ecclesfield and seven operating divisions which report direct to Arthur Watt. The average age of the

divisional chief executives is 45; they are a mixture of experience from acquired companies and new blood from outside; the new head of engineering, for instance, was recently hired from McKinsey. Each chief executive has a financial controller to help in supervising the subsidiary companies.

After July 1, when Atkinson gives up executive duties, Watt will have reporting to him the functional directors at head office (including finance, personnel and corporate planning) as well as the divisional chief executives. Even with part time support from Atkinson it will be a considerable burden. New outside directors are to be appointed to provide additional advice and experience.

In financial terms the aim is to get back over the next two years to a return on capital of 20 per cent and earnings per share of 25p, both of which were achieved in 1975. But Atkinson also wants to alter the balance of the business. He would like to see the overseas companies account for 20 per cent of capital employed, compared with only 7 per cent in 1979. The intention is that no one sector of the group should account for more than about 20 per cent of capital employed; the proportion represented by special steels, 32 per cent in 1979, has to come down.

In seeking both a better mix of activities and continued growth, Aurora plans to move by acquisition and internal development into higher technology businesses where a substantial market share can be obtained. The emphasis will be on end-product companies in light or medium engineering.

All this does not have to be done in a great hurry. What has been built since 1973 is an enterprise which has the potential to become one of Britain's leading engineering companies. The task now is to make the most of the opportunities which have been created.



## EMPLOYEE BENEFITS

THE GOVERNMENT is in the process of rationalising—dismantling—is how critics describe it—the Social Security system. Among the major changes proposed in a green paper last month was the taxation of short-term benefits, such as sickness and unemployment pay.

Employers would be responsible for paying the first eight weeks' sickness benefits (less the first three days), thus putting sick pay into the employee benefit category.

The proposals have been criticised in varying degrees, by employers, trade unions, life companies and the medical profession. The Department of Health and Social Security will be in for an interesting time over the next few months considering all the various views. The crux of the proposals is that an employer will be legally bound to pay a sick employee a flat-rate weekly benefit for up to eight weeks. The level of benefit will be related to the average sickness payment made under the social security system—at present it would be £30 a week. It would be taxed under normal PAYE arrangements.

In return, employers would get a reduction in their National Insurance contribution rate so that overall the National Insurance fund breaks even on the proposals—a reduction of 1 percentage point is envisaged. This proposal involves several radical departures from the present system. Benefits will no longer be related to family size. Thus an employee with a large family would receive far less than he does at present. For example, a married man with four children under 11 at present receives £26.75 a week if he falls sick. Under the new proposals he would get £30.

This aspect of the scheme has roused the fury of the TUC which states, with some justification, that the benefits should be based on need. But if no allowance is made for family size in an employee's earnings when he is sick, it is an interesting point for debate. As far as employers are concerned, the proposed change means two things. In industries

## The cost of sickness

BY ERIC SHORT

with a high rate of sickness, they would have to pay out more in benefits; and this would not be fully offset by the reduction in national insurance contributions. It would also involve considerable administrative changes. The CBI is unhappy with these proposals on both counts.

The Government accepts the point about industries with a high sickness rate, and suggests that it could be mitigated through some form of insurance. But the insurance companies are not certain that this would be the case, since an employer with a high sickness record would be charged higher premiums.

The Government's overall case for change rests on a survey made by the DHSS in 1975 which showed that 75 per cent of employees received some level of sick pay from their employers, in addition to social security payments. It therefore contended that an administrative system in most companies is already established. But these same figures also throw doubt on this argument.

The survey showed that around 2m employees were likely to be paid more when sick than healthy because their employers still paid their full salary on top of social security payments. The employer of a further 8m people made up the gross earnings of those on sick leave, but since social security benefits are tax-free, this still provides a higher net pay. Surely this indicates a lack of control on the part of employers?

Under the Green Paper proposals, doctors would have to supply medical certificates to employers before employees received sickness benefit. The Government pointed out that in most cases of sickness under the present scheme, the sick employee already sends the certificate to his employer before submitting it to the local DHSS office.

By the same token, the Government argues that most employers operating sick pay schemes already ask to see certificates. It also maintains that employees appear to have no objections to their employers knowing the cause of their sick-

ness, if this is asked of them. But the British Medical Association has condemned the proposals as creating a potential breach of confidence between the doctor and his patient, in that confidential medical information might have to be revealed to the employer without the patient's permission being obtained. The association is also unhappy with other aspects of the proposals.

The possible breach of medical ethics could prove the proposals' major stumbling block without a medical certificate showing full details of what is wrong, many employers are not likely to pay the benefit. Yet others might be satisfied just with a note from the employer's doctor stating simply that he is not fit for work. This point obviously needs further investigation.

Leaving aside the medical aspects of this issue, I feel that short-term benefits of any sort should be taxed, so that the scheme has a lot to recommend it. As far as trade unions are concerned, the scheme would give them the opportunity to bargain for adequate sickness benefits on top of those that would have to be paid legally. This aspect of employee benefits has tended to be neglected by unions in their negotiations over pay and conditions. There would now be the incentive to ensure a decent payment—long-term as well as short-term—for sick members.

As far as employers are concerned, the new scheme would be an incentive to make their administrative systems more efficient. Many employers must be paying over-generous benefits simply because they have not bothered; or have not considered it worthwhile, to integrate their sick payments with those of the social security system. It is surely a waste of resources to pay a man more when he is sick than when he is healthy.

All interested persons should submit their views to the DHSS by the end of September. Details are given in the Green Paper, "Incomes during Illness: A New Strategy" Cmd 7864 SO price £2. P287890/...

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# FINANCIAL TIMES SURVEY

Friday May 30 1980

## Singapore Banking and Finance

### Thriving position in world finance

By Chris Sherwell

AFTER MORE than a decade of determined and calculated effort, Singapore can rightfully claim to have established itself as one of the world's top international financial centres. This tiny tropical island—“227 sq miles at low tide,” as the author Paul Theroux has rather unkindly put it—is now used by Governments to defend their currencies, by multinational corporations as a base from which to fuel their growth, and by international banks to multiply their earnings.

In Singapore, potential borrowers, both foreign and domestic, can raise medium and long term funds through syndicated or conventional loans and through bond issues. They can also receive a broad range of financial services through a wide variety of financial institutions. Singapore also constitutes, along with Hong Kong, a vital link in the global currency chain that extends from Tokyo to European centres like Frankfurt, Luxembourg and London and on to New York and San Francisco.

None of this expansion could have been predicted 15 years ago, when Singapore found itself alone in an uncertain world after the bloody failure of the unification experiment with Malaysia, its northern neighbour. Even Mr. Lee Kuan Yew, the country's Prime Minister since 1959, had described an independent Singapore as a

“political, economic and geographic absurdity.”

But he and his colleagues mapped out the island's future economic development with precision and implemented it with gusto. The emphasis was on manufacturing and services and the development of skills, human resources being the only ones the island possessed. They welcomed foreign investment and foreign ideas, and the proposal to start an Asian dollar market, which came from an American bank, was accepted with alacrity.

Now, from a trifling \$30m in 1965, the Asian dollar market has grown to \$4.7bn. Daily turnover on Singapore's foreign exchange market is \$4.7bn. The number of banks operating in the market in Singapore topped 100 last year and is still rising. And from being initially a net lender of funds to Europe, the market quickly established itself as a net borrower, a trend that persists to the present day.

Anyone wanting to see the consequences of all this has only to look at Singapore's remarkable skyline, and at the youthfulness of the people working underneath it: the grumes of this “Zurich of the East” are more like elves. Singapore is a window on a region where 5 per cent annual growth is slow. Malaysia alone is the world's largest producer of five major commodities—and, like Indonesia, has oil as well. Singapore itself is Asia's largest refinery centre, another boon.

As with the \$1,000bn Euro-dollar market, external factors have undoubtedly fed the Asian dollar market's phenomenal growth. There has been the Vietnam war, the quantum leaps in oil prices, the balance of payments deficits of oil exporting countries and the depreciation of the dollar. There has also been the continuing rise in the volume of world trade and especially of trade involving Singapore's booming South East Asian neighbours. And there has been the rapid evolution of communications technology, which has facilitated the emergence of the 24-hour global currency market.

With precise planning and enthusiastic application, Singapore has, in the space of 15 years, made itself a top international centre of business and finance. It has created a fiscal climate which encourages foreign banks to operate there and provides a literate and numerate English-speaking workforce.

But Singapore's own strategic position has also undoubtedly helped, as it has for the past 150 years since Raffles first claimed the island, its time zone alone places it perfectly between Japan, the Middle East and Europe. Singapore has further encouraged the growth by its own actions. Had it not done so, Hong Kong might have assumed an even more important role than the one it enjoys now, and Singapore might never have secured the valuable balance of payments and jobs benefits it has since received.

#### Communications

In the first place, Singapore has created a working infrastructure, including reliable telex and telephone communications and plentiful air connections. It has also produced a literate and numerate English-speaking population in a highly ordered environment which is free of corruption, conducive to entrepreneurship and good for business. At the same time it has operated an open-door policy for foreigners, especially those who have skills to pass on.

More importantly, Singapore has offered clear fiscal incentives to banks to set up business on the island. The authorities have progressively embellished these down the years while at the same time preserving a distinction between older foreign or local banks already established in Singapore and newer “offshore” banks. Even this distinction has been relaxed somewhat in recent years and offshore banks can do some domestic business.

As the Asian dollar market has developed and diversified, the Asian Currency Units (ACUs), the separate accounting units of the banks in

the market are known, have themselves tended to specialise in particular activities and acquired reputations in their chosen fields. This natural diversification has been helped by a remarkable cross-fertilisation which is part of the established rapport between the Monetary Authority of Singapore, the equivalent of the country's central bank, and the banks themselves. Each puts up ideas and proposals to the other, contributing to a constant evolution that is Singapore's trademark in many fields of its development.

In 1971 the first Asian dollar bond was successfully floated with the help of the Singapore Government. The market then almost spluttered to a halt, and after picking up in 1976 and 1977 suffered again as investors showed little faith in long-term instruments. The market in certificates of deposit (CDs) had a sorry start in 1970 and only resurfaced in 1978 because Japanese bank regulations made them convenient. This market in Singapore has nevertheless been far more successful.

The authorities now also want Singapore established as an arranging centre for syndicated loans as well as a funding centre. Bankers say it

lags behind Hong Kong, both for Hong Kong tax reasons and because of inadequate legal back-up services in Singapore. In response, and against local lawyers' wishes, Singapore is now allowing foreign lawyers to practise in the country to meet the bankers' complaints. The launching of the Gold Exchange of Singapore in 1978, another move to widen Singapore's scope as a financial centre, is counted as a modest success. It emerged unperturbed from the brisk dealing that accompanied last year's surge in the gold price, and the authorities are now considering the development of an enlarged exchange to handle other commodities.

#### Cornerstone

The cornerstone of the next phase in Singapore's evolution, however, is its development as an “international funds management centre.” The Government's commitment to this was confirmed in the budget speech in March, although the idea is officially acknowledged to be “merely a concept” at the moment and bankers agree that it remains vague.

Part of the plan would be for international companies to

list and trade their stocks and bonds in Singapore and for institutional investors, borrowers and dealers to establish a presence in order to operate both in Singapore and the Far East. In these respects, Singapore is again far behind developments in Hong Kong. But Mr. Hon Sui Sen, Singapore's Finance Minister, said in an interview with the Financial Times that he was prepared to consider tax changes to provide the necessary incentives.

Domestic changes will also be made in order to develop this “financial supermarket.” Singapore's local money markets are more sophisticated than its capital markets, largely because the Central Provident Fund (CPF) siphons off more than a third of everyone's wages and salaries as “enforced” savings for their future. Now a Government committee is considering how individuals might also have a say in how these CPF funds are invested, perhaps by farming some of them out for private management.

Another unrelated domestic institutional change also seems certain in Singapore. The Monetary Authority and the Board of Commissioners of Currency, which have hitherto shared the functions of a central bank, are to be merged. An experienced administrator, Mr. Herman Hochstadt, took up position earlier this month to oversee the change.

As he has had no experience of banking and came in at the number two position under the Monetary Authority's well-known managing director, Mr. Michael Wong Pakshong, the appointment has sent a ripple through the banking community. Most bankers accept that he could not have come in lower, that his organisational and managerial skills are needed and

that the functional role of the new institution will be no different. But equally, not many doubt that he will become a force to be reckoned with in Singapore banking.

One important change of recent years which has posed numerous problems for the Monetary Authority has been the lifting of all foreign exchange controls in June 1978. Singaporeans saw an opportunity in the fact that ACUs are not subject to the reserve requirements which restrain their domestic counterparts' lending of Singapore dollars. With bank encouragement they indulged in currency swaps that gave both parties a better return but undermined the Authority's control of the money supply. Saying the swaps were against the spirit of the Banking Act, the Authority has tried most of the known techniques of moral suasion to curb them. Most banks have taken the hint, but the swaps have not ended altogether.

#### Stability

The Singapore dollar has nevertheless broadly held its strength against the currencies of Singapore's major trading partners since the lifting of exchange controls. This stability of the currency, along with size but unknown composition of the country's reserves (\$12.4bn at the end of 1979) and the strength of the economy has helped fuel suggestions in the past few months that the Singapore dollar may take on a wider international role.

In his interview, Mr. Hon stressed that Singapore did not wish to see any trend towards the use of the Singapore dollar as a reserve currency. But he also said the currency had had a traditional role in regional trade involving Malaysia, Indonesia and Thailand, and that this could and should continue. He added, however, that he disliked the flotation of loans in Singapore dollars.

In Singapore it is difficult to escape the conclusion that problems like these, serious as they are, are problems of

#### FINANCIAL INSTITUTIONS IN SINGAPORE AS AT END 1979

Institutions	Number
Commercial Banks	89
Local*	13
Foreign	76
Full Banks	24
Restricted Banks	13
Offshore Banks	39
Representative Offices†	47
Merchant Banks	33
Asian Currency Units	101
Discount Houses	4
International Money Brokers	7
Insurance Companies	70
Finance Companies	34

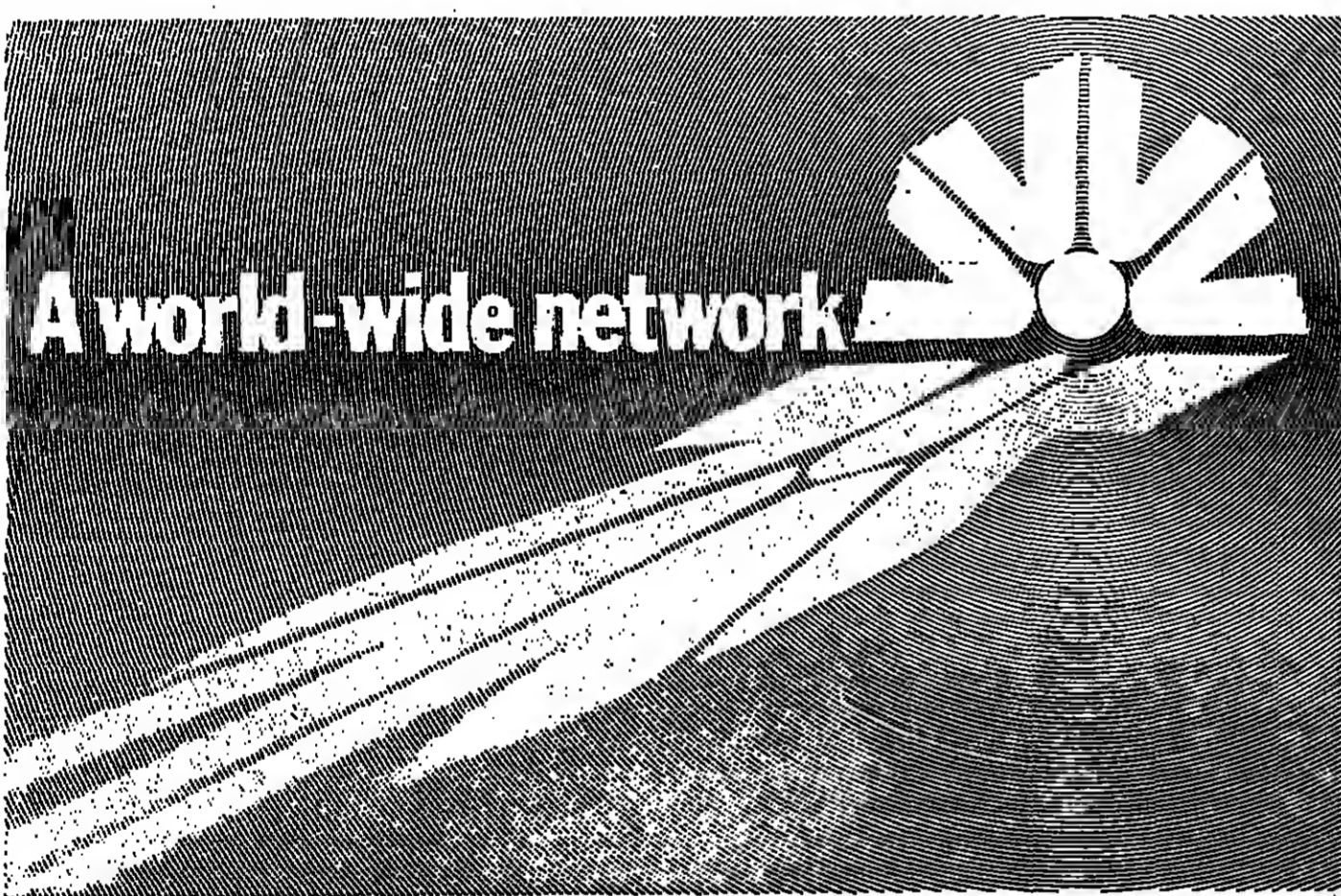
\* All local banks are full banks.  
† Due to joint offices, the number of foreign banks represented could be higher.

success. Having attained living standards that put them near developed-country status, Singaporeans are now confidently planning for present-day Japanese standards by 1990. With population growth checked at 1 per cent a year and a full-employment economy showing an underlying growth rate of 8 per cent a year, the Government wants a “second industrial revolution” with greater emphasis on high technology, high value-added manufacturing as well as more high-level service industries.

Bankers and businessmen, whether foreign or local, barely worry that Singapore might be “overbanked,” and perceive no long shadow from the old troubles of Haw Par or the Moscow Narodny Bank. Expatriates are concerned about rising rents and other costs, but draw comfort from favourable comparisons with Hong Kong.

Almost everyone is bullish about the island's future. They point to the neighbouring Asian countries on whose progress its prosperity largely depends.

CONTINUED ON PAGE 111



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## SINGAPORE BANKING AND FINANCE II

## Indisputable centre of the Asian dollar market

EXACTLY 12 years ago, in May 1968, a small group of senior men at the Singapore office of the Bank of America made history by generating the idea of an Asian dollar market. In a style that has become typical of Singapore, the authorities quickly responded to a good idea, and within seven months the U.S. had set up the first-ever Asian Currency Unit (ACU).

In its first year the Asian dollar market amounted to a mere \$30m. By last month the total assets and liabilities of some 110 of these separate accounting units handling foreign currencies had soared to \$43bn. Singapore is, in short, firmly established as the indisputable centre of the Asian dollar market.

Some of the men involved in that early decision are still at the Bank of America in Singapore. Arie Heerding who heads its ACU, recalls the environment of the time: "Singapore and Malaysia had separated politically but remained dependent economically. Confronta-

**'Singapore had begun its effort to develop itself as an international financial centre'**

tion with Indonesia was only recently over. Britain's military presence in the region was going to come to an end and the dockyards were going to run down. The Jurong industrial estate was only in its early stages, and the unemployment that threatened was undesirable for political and economic reasons."

With the Eurodollar market physically too far away for Chinese businessmen in Taiwan, Hong Kong and Singapore, the bank saw that a similar market might work in Asia. Shrewdly, they put the idea up to both the Singapore and Hong Kong authorities. In a crucial decision, Hong Kong said it would not remove its withholding tax on interest on deposits. Singapore

indicated that its tax would be lifted, and did so in time for the first ACU to be set up. Singapore had begun its effort to develop itself as an international financial centre.

The fiscal incentives which have since encouraged the market's growth have multiplied down the years. Apart from exemption from 40 per cent withholding tax on interest on deposits, these incentives now include:

● The extension of the concessional tax rate of 10 per cent to all offshore income of ACUs, including interest income derived from loans to non-bank customers and dividends distributed from their offshore profits.

● The exemption from tax, on a case-by-case basis, of interest on Asian dollar bonds received by non-residents.

● The exemption from estate duty on non-residents' deposits with ACUs and holdings of Asian dollar bonds.

● The abolition of stamp duty on ACUs' offshore loan agreements and on Asian dollar bond certificates.

Combined with the natural growth of the global offshore market, the overall effect of these incentives has been a rapid swelling in the number of banks in Singapore—and in the number of extravagant lanchings. Bankers remember vividly the day in 1978 when Banco de Brasil opened, having flown in its own Boeing complete with steel band and samba dancers. They also recall Banque Nationale de Paris celebrating its new merchant bank link with a local bank early this year by offering French wines at a gala hotel reception where the staff were dressed as gendarmes.

In the early days, the first ACUs found that their main sources of deposits were individuals and banks in the Philippines, Indonesia, Hong Kong and Taiwan. They put the money on deposit in the Eurodollar market while the word went out that a currency pool of mainly U.S. dollars was waiting to be tapped in Asia and lending officers got to work. Within three years more loan business had been drummed up

than the Asian dollar market could fund and the region became a net taker of funds from the Eurodollar market. In recent years about a fifth of all funds coming to Singapore have come from Asia, while about 80 per cent of ACU funds are used in the region.

The Asian currency market remains dominated mostly in dollars, although the mark and yen are increasingly important. Though the market is still small in relation to the \$1,000bn Eurodollar market, its annual rate of growth has been consistently higher than that of the Eurodollar. In 1969, when the base was admittedly small, growth was almost 300 per cent; it was above 200 per cent in 1970 and more than doubled

**'The market probably meets a demand from smaller enterprises'**

every year up to 1973. Since then annual growth has averaged 36 per cent and this year the Monetary Authority expects another 30 per cent. Between 1968 and 1978 the Euro-currency market's growth averaged about 30 per cent.

The vast bulk of transactions in the Asian dollar market are interbank rather than with non-bank customers, but the proportions are slightly smaller than in the Eurodollar market. At the end of 1978, for example, interbank deposits made up 77 per cent of the total sources of funds for the Asian dollar market, and interbank lending amounted to 73 per cent of total assets. In the Eurodollar market the equivalent figures are said to be around 81 per cent and 77 per cent.

The predominance of interbank activity generally in these global markets reflects the way they work as they match demand and supply of excess funds around the world. The slight difference in the Asian market reflects the region's peculiar conditions. Broadly speaking, non-bank deposits in

Asia have been growing down the years, coming from financial institutions like central banks, development banks and trust funds and from local, regional and multinational corporations. Wealthy private individuals also play a role.

On the lending side, some 80 per cent of which is short term (one to six months), loans to non-bank customers have grown in absolute terms from a mere \$14m in 1970 to a whopping \$8.5bn last year. Annual growth which has now settled down to an average 25 per cent since 1975, exceeded 1,200 per cent in 1970 and 1971.

The big borrowers in the Singapore market are national and multinational corporations, central banks and Governments. Officially it is estimated that about a third of ACU loans to non-bank customers goes to manufacturing, especially chemicals, petroleum, base metals, textiles and transport equipment. About a quarter goes to non-bank financial institutions. A substantial but unknown proportion of the rest is presumed to be balance of payments support.

ACUs appear to keep their loans between about \$250,000 and about \$1m. One British bank with a long history of dealing in the East says it considers syndication above \$10m. Loans smaller than \$250,000 seem to be possible, and the market probably meets a demand from smaller enterprises which can't tap the Eurodollar market because of their size. But at this level much depends on the relationship between bank and borrower.

The big business is in syndicated lending, involving figures up to \$500m for large development projects requiring medium-term finance of 5-10 years or even more. A substantial proportion of total non-bank lending by ACUs consists of shares in loans consortia, a trend no doubt helped by the fact that it has been a borrower's market.

The authorities are now anxious to encourage the establishment of Singapore as an arranging and booking centre for syndicated loans. At the moment it is principally a fund-

ACU ASSETS AND LIABILITIES								
(\$m)								
End of period	No. of ACUS	Assets			Total assets/liabilities	Deposits of non-banks	Liabilities	
		Loans to non-banks	Inter-bank funds	Other			Inter-bank deposits	Other
1968	1	1.4	29.0	0.1	30.5	17.8	12.6	0.1
1969	11	0.9	128.5	1.6	130.0	97.9	23.7	1.4
1970	16	12.9	370.2	5.7	388.8	243.7	141.0	5.1
1971	21	158.8	850.8	23.2	1,032.8	337.8	511.2	13.7
1972	24	600.9	2,331.1	44.1	2,976.1	398.7	2,556.1	22.3
1973	46	1,226.1	4,950.1	101.0	6,277.2	912.8	5,248.3	115.1
1974	56	2,697.7	7,469.7	199.9	10,367.3	1,614.2	8,521.4	223.7
1975	66	3,472.5	8,929.4	195.5	12,597.4	2,067.7	10,294.2	235.5
1976	69	4,536.6	12,613.1	354.4	17,504.1	1,960.3	15,067.2	326.6
1977	78	5,281.2	15,262.5	484.6	21,028.3	2,254.6	18,350.3	423.4
1978	85	6,376.8	19,829.7	833.6	27,040.1	3,600.0	21,987.2	1,452.9
1979	101	8,484.0	25,093.7	1,585.0	35,162.7	5,771.4	29,424.9	2,966.4

Source: Monetary Authority of Singapore.

Source: Monetary Authority of Singapore.

ing centre, and lags significantly behind Hong Kong as an arranging centre. This makes the authorities quite sensitive, even though it is principally for Hong Kong tax reasons. The importance of the tax factor in such matters is illustrated by the fact that German and Canadian banks book their loans in Singapore rather than Hong Kong because of advantageous provisions in these countries' double taxation treaties with Singapore.

The pre-eminence of Hong Kong in this respect, however, is also said by Singapore bankers to stem from inadequate back-up services to handle complicated details of loan documentation. In a controversial move which demonstrates just how responsive the Singapore authorities can be to bankers' complaints, the Attorney-General has agreed to allow lawyers from the British firm of Freshfields to start up business in Singapore. Others who petition may be allowed to do the same.

None of this may deprive Hong Kong of syndicated loan business, even if it irritates local lawyers in Singapore. This is because the market appears to be growing well enough to provide business for everybody. Certainly Singapore bankers are more optimistic now that maturities on syndicated loans appear to be falling back.

**'In this increasingly diverse banking environment, newcomers are facing tough competition'**

floated in Europe, and the total amount raised was over \$1.7bn, most of it in dollars. Just under half of the floatations have been fixed rate issues, over 40 per cent have been floating rate and the rest convertibles; the trend in more recent years has been towards the issue of floating rate notes.

Since being launched, the Asian dollar bond market, like its counterparts elsewhere, has

almost stalled (in 1974) and then picked up, only to face more problems in the past couple of years as investors have shown little faith in long-term instruments. The secondary market in Singapore is officially viewed as unsatisfactory, and this has not helped.

The lack of a secondary market also undermined the attempt by a bank in 1970 to issue a fixed-rate certificate of deposit (CD) in Singapore. But since 1975, and thanks to Japanese regulations which require Japanese banks broadly to match the maturities of their assets and liabilities, floating-rate CDs in particular have caught on, and Singapore has become the most important issuing centre for them in the world outside London.

This position is sustained by a reasonably lively secondary market, although complaints about this also persist. The total amount outstanding is \$1.9bn, of which more than \$1.2bn is in floating rate CDs.

business available in Singapore itself.

Many newer arrivals have gone into syndicated lending, where booking and funding loans as in the case of banks like Dresdner or Bank of Nova Scotia, or simply funding them, as with many others. The Japanese banks regularly tap the market for funds through CDs, and the long list includes names like Bank of Tokyo, Industrial Bank of Japan, Fuji Bank and Sumitomo.

Then there are the secondary market makers in Asian dollar bonds and CDs, the most important being DBS-Daiwa, Merrill Lynch and Credit Suisse First Boston. DBS-Daiwa in particular has been at the forefront of the Singapore market's overall development, having a hand in the first Asian dollar bond issues and the first floating rate tranche CD. It also handled the first issue last year of commercial paper in Singapore, on behalf of the Japanese company C. Itoh.

For practically all ACUs, though, the foreign exchange market is an important focus of activity. Indeed, it is partly because of the growth in the number of banks, as well as the recent volatility of the exchange rates, that the functions of the dollar, that turnover in Singapore has soared to \$4.7bn a day.

Chris Sherwell

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## Authorities unhappy about syndicated lending

IF THERE is one respect in which Singapore is compared unfavourably with Hong Kong, it is in syndicated lending. The Singapore authorities feel unhappy and sensitive about Hong Kong's ascendancy, and wish to reverse the trend. But some bankers find the comparison boring and say that both centres can share in the growth in lending, assuming they are to move beyond their present complementary roles in which Hong Kong is more an arranging and booking centre and Singapore predominantly a funding centre.

The more serious debate among bankers in Singapore, as elsewhere in the world, is about present trends in terms of lending. When confronted, they readily admit that they, as much as the big borrowers they lend to, face problems because of continuing stagnation in the industrialised West, the latest round of oil price increases, continuing balance of payments deficits among non-oil developing countries and their own need to lend.

Certainly last year it became clear that too many lenders were

lower limits on allowed margins. Their share of syndicated lending in the region declined, although some remained prominent in lead managing issues, having allowed others to suffer the low lending margins while they picked up the management fees. In this respect, they enjoyed an advantage in being well-known in certain areas, like the Philippines.

Similarly, Japanese banks withdrew under Ministry of Finance encouragement, having been aggressive lenders in 1978. The Japanese authorities, having encouraged capital outflows to help reduce pressure on the yen, imposed ceilings on bank participation in syndicated loans and ordered a greater matching of maturities in borrowing and lending. Like the U.S. move, this promised to improve conditions for lenders still in the market.

According to a German banker, however, there was by this time a change in opinion regarding country risk. "Suddenly you couldn't sell first class mandates in Europe. People were seeing refugees in Thailand and Mexico's problems with the Catholic Church and taking note. We and several others were stuck with a fairly substantial amount on one Philippines loan. So we had to be careful, otherwise we might find ourselves taking what we put in for initially—if we underwrote \$125m it might kill us on our internal ratios if we were stuck with \$70-\$100m."

At this point, he says, it was realised that it was no longer possible to have syndicates of 50-odd members. More and more, therefore, bankers turned to the so-called "club" method, in which the borrower had to put together the loan from banks he knew and they shared the fees. This was what happened with a Bank of Thailand loan of \$200m over 10 years at a margin of 3 per cent, and it was reputedly a tough exercise about which even now there are some misgivings.

Taking a longer perspective, however, an American banker said: "There is definitely a bigger move to quality. The first-class borrowers will continue to do well. Malaysia and Australia are the Triple A countries, and they're simply biding their time before coming back in. There are variations among the countries of the region, but by comparison with Europe's senility they are all youthful and moving upwards."

To be part of the action, banks need to know who is borrowing, and how much.

To be part of the action, banks need to know who is borrowing, and how much.

Two years ago it seemed quite clear why Hong Kong had managed to secure the lion's share of the market for arranging loans. Banks there could arrange tax-free international lending by funding loans through an overseas office in Singapore, London or New York. Profits were then deemed to have arisen outside Hong Kong and became exempt from profits tax. In Singapore the rate remained 10 per cent.

Then in March, 1978, Hong Kong imposed a 17 per cent tax which seemed certain to help Singapore elevate itself from its less glamorous role of simply funding loans booked in Hong Kong. According to some bankers in Singapore, a perceptible shift has since occurred. But equally the "division of labour" between the two centres undoubtedly persists and bookings through Hong Kong do not appear to have suffered seriously.

For Singapore, which has always set its face against creating a "tax haven," the Hong Kong move at least meant it would come under less pressure to reduce its taxes. But the general importance of the tax factor is shown by double tax treaties between Germany and Canada on the one hand, and Singapore on the other.

Under provisions in these treaties, German banks face no taxes beyond Singapore's 10 per cent (save on dividends), while Canadian merchant bank subsidiaries (but not branches)

also pay only the single 10 per cent tax. As a result, Commerzbank, Deutsche Bank and Dresdner Bank all have merchant banking arms booking and funding syndicated loans in Singapore, so do Bank of Montreal, Toronto Dominion Bank and Bank of Nova Scotia.

Singapore's efforts to make the city more attractive as an arranging centre have been reinforced by two moves this year. The first, unveiled in the March budget, was the abolition from April 1 of a 4 per cent ad valorem stamp duty of a maximum of \$500 on offshore loan agreements by ACUs. Stamp duties on all other documents relating to ACU offshore loans were also lifted. Some bankers say a lower income tax for expatriates compared to Hong Kong would also help.

The other move, relaxing restrictions on foreign lawyers practising in Singapore, has generated a heated controversy involving bankers, local lawyers and the Government. Bankers have long complained of the inadequate numbers of experienced lawyers in Singapore to handle the growth in banking business over the past few years. The critical area to have suffered has been syndicated lending.

Two U.S. law firms already handling offshore-related work in Singapore have to engage local lawyers where Singapore law is involved. But under the new policy, lawyers from the British firm of Freshfields are being allowed to practice in Singapore. Others who wish to do the same must petition the authorities.

The local Law Society is up in arms about the implied slur on its reputation and the loss of lucrative custom, and says it is taking the matter to the Prime Minister. But the decision appears to be final, and in fact there is probably room for everybody if loan business picks up as hoped.

Certainly if Hong Kong is losing its competitive edge over Singapore and some banks are drifting west, it also seems true that the market can only get bigger, suggesting a possible need for two centres—Hong Kong for the large markets of China, Taiwan and Korea, Singapore for the ASEAN region, the sub-continent and Australia. It is a division some bankers are already making in their internal organisation.

CS

## SINGAPORE BANKING AND FINANCE III

# Local banks set pace for rest of domestic market

WEE CHO YAW is one of Singapore's richest men. Nobody knows exactly how much the 51-year-old chairman of the United Overseas Bank Group is worth, but the bank's 1979 annual report gives some indication of the extent of his wealth. The powerful Wee and his family own more than \$100m worth of the bank's shares, 41m shares of the subsidiary Ching Khaw Bank, 7m of United Overseas Finance and 8m of United Overseas Insurance.

The group last year managed to achieve a 46.4 per cent jump in net profit to \$852.5m and the New York brokerage house Drexel Burnham Lambert forecasts the bank's net income this year will advance 50 per cent to \$88m, recommending the stock be held.

Although to some extent typical of Singapore banks, which to outsiders resemble "family businesses" in terms of control and management style, UOB is often regarded as one of the most aggressive of the "big four" local banks which set the pace for the rest of the domestic market. The others are the Development Bank of Singapore, Overseas-Chinese Banking Corp and Overseas Union Bank.

Apart from the 49 per cent Government-owned Development Bank, the ownership and control of the other two market leaders follows a similar pattern to UOB. Annual accounts show that OCBC director Lee Seng directly or indirectly held more than 25m of the bank's 190m issued shares at the end of last year while Overseas Union Bank chairman Lian Ying Chow and his family also owned nearly 25m shares in the bank as well as 7m in the subsidiary Overseas Union Trust.

Privately, the Singapore authorities are concerned that a small group of businessmen should still have such a strong hold on these powerful institutions which have evolved in line with Singapore's development as a financial centre. Nobody denies the leaders of the major local banks are highly successful businessmen, but as one foreign industrialist operating here asked, "are they bankers?"

Critics feel the 13 local banks still lack expertise when it

comes to international banking in the form of loan syndication and other offshore business. At the same time, they allege these banks have been slow to upgrade customer service in line with market developments or introduce innovations unless spurred to do so by competition from foreign banks or Government financial institutions.

But the banks themselves counter that they have been quick to introduce automated teller machines and streamline in-house banking systems through computerisation and automation. They also claim to be looking into ways of automating Singapore's system of clearing the 75,000 to 85,000 cheques a day which still have to be cleared manually.

### U.S. branches

The leading banks have also moved overseas and are expected to open more branches in the U.S. to take advantage of the lucrative North American wholesale banking market.

Development Bank of Singapore, United Overseas Bank and Overseas Union Bank are already operating branches in New York while UOB has also obtained approval from the California State Banking Department to set up an agency in Los Angeles this August, known as a foreign branch under Californian law.

It is interesting to note that International Bank of Singapore, in which each of the big four has a 25 per cent share, has already taken the step of filing an application with the Monetary Authority of Singapore to open an agency in LA as well. This points to the fact that the four shareholders have

recently scrapped an accord which effectively prevented them from setting up overseas branches in the same location as IBS to avoid duplication.

One of the chief reasons for this decision to move faster into the overseas market is mounting competition at home in nearly all areas of banking activity.

"The growing number of financial institutions (in Singapore) has led to stiff competition for available business, particularly for new deposits," Overseas Union Bank chairman Lian Ying Chow spells out in the annual report. His cry also echoes the views of most of the other local banks who fear erosion of their deposit base by stiff competition.

On the one hand local banks have benefited from strong regional loan demand and the expansion of Singapore's role as an international financial centre, but on the other, they have suffered to some extent from the influx of foreign commercial banks into Singapore in the last decade. These now number 90 of which 24 have full branch licences.

The scramble for deposits is underscored by the fact that loans and advances have been growing at a faster rate than deposits. Loans of all banks in Singapore rose 36.9 per cent to a provisional \$817.58bn in March over the same 1979 period, but total non-bank deposits rose at a rate of only 28 per cent to \$513.22bn.

But even more alarming is that according to Monetary Authority of Singapore statistics, the local banks' share of domestic banking business ex-

### BASIC STATISTICS (1979 figures)

Area	616.3 sq km
Population	2.36m
(Pop. growth 1.2 per cent p.a.)	
Unemployment rate	3.3 per cent
GDP at current factor cost	\$818.141m
GNP at current market prices	\$819.451m
GNP per capita	\$88,232
(Indigenous)	
Gross national saving as percentage of GNP	25.5 per cent
Index of industrial production (1974=100)	154.9
Rise in consumer price index	4.0 per cent
Imports	\$838,334m
Exports	\$830,940m
Balance of payments on current account	-\$82,562
Overall balance	\$51.137m
Total foreign reserves	\$512,562m
(ratio to merchandise imports in months)	3.9
Currency: S	= Singapore\$4.98

Source: Economic Survey of Singapore, Ministry of Trade and Industry, Singapore.

cluding the offshore operations of Asian currency units has fallen to 46.1 per cent at the end of 1979 from 47.5 per cent the previous year and 48.8 per cent in 1977. At the same time their share of loans and advances including bills has declined to 36 per cent of the total market at end 1979 from 38.1 per cent in 1977 while the share of total assets and liabilities has dropped to 41 per cent from 45.5 per cent two years previously.

Aggregating domestic and Asian currency business, local banks suffered a fall in share to 28.3 per cent of non-bank customer deposits from 34.4 per cent in 1977 and to 19.1 per cent from 20.6 per cent for loans and advances.

So the pattern is clearly defined. The days of the local bank customer in the traditional style of the overseas Chinese businessman appear to be over. One leading local banker described Singapore depositors as not only status conscious in terms of the institution they bank with but possessing a high level of awareness of comparative interest rate levels and services

offered by different banks. This explains partly why some foreign banks with full branch licences such as Citibank were so successful in their marketing drive to attract depositors away from the traditional local institutions.

Yet the presence of the foreign banks is not only a threat to the local banks. For some time they have been growing increasingly uneasy about the encroachment of the public sector into financial activities which have traditionally been within the purview of the private sector.

This includes the aggressive marketing strategies of the Development Bank of Singapore, which although listed on the stock exchange, is 49 per cent owned by the Singapore Government. DBS recently introduced a highly successful "autosave" or roll deposit account facility which gives customers an interest rate return on funds held in their current account.

But more critical are the activities of the State-run Post Office Savings Bank with its huge network of 102 outlets in key locations including shopping complexes and housing estates. The POSB has successfully pursued a policy of mobilising domestic savings and encouraging personal savings habits among Singaporeans. The result has been that at the end of March 1980, the eight-year-old State bank had a deposit base of \$2.58bn and \$81.77m savings accounts out of an estimated population of only 2.5m.

Significantly, but perhaps not surprisingly, total deposits with the POSB have been growing faster than those with the major commercial banks. Its deposit base expanded 24 per cent during 1979 compared with a 9.8 per cent rise for OCBC and a 14.5 per cent increase to \$1.9bn for Overseas Union Bank.

### Guidelines

One of the main attractions for depositing money with the POSB is that it offers tax free interest on deposits of up to \$100,000 as well as longer service hours to customers including nighttime banking in major locations. The bank is able to offer attractive terms on both loans and deposits because, as an independent statutory body, it does not come under the Banking Act, which exempts it from maintaining the 25 per cent reserve requirement with the MAS.

Hire purchase and housing loans accounted for around 60 per cent of the \$51.96bn of

total finance company credit outstanding at end March 1980. The Monetary Authority is expected to introduce guidelines sometime this year which would encourage finance companies to become more involved in other forms of financing including industrial financing. This has already been initiated to some extent by Hong Leong Finance, which in May this year announced it was participating in Singapore's small industries finance scheme under the auspices of the Republic's Economic Development Board.

Unfortunately, DBS and the Post Office Savings Bank are not the only public sector bodies causing alarm to competing private sector financial institutions. Singapore's massive Central Provident Fund, a compulsory savings institution for all workers, not only stifles deposits with banks but also cramps any possible development of the country's domestic capital market.

Contributions to the CPF, which siphons off around 30 per cent of employees' wages taking into account employer contributions, represented about 10 per cent of Gross Domestic Product at current prices or 34 per cent of gross domestic savings in 1979. A CPF spokesman said the fund held around \$86.05bn of contributions at end March 1980 and financial analysts calculate the fund is growing at around \$2bn a year.

More than 90 per cent of the CPF funds are invested in Government securities which market sources say hinders

growth and development of an active secondary bond market; instead, a percentage

Commercial banks have to maintain a minimum non-interest bearing reserve deposit of 6 per cent of their deposit liabilities with the MAS and also keep a liquidity ratio of at least 20 per cent.

The POSB has already ventured into bond issue management and underwriting and has diversified its use of funds with a one third equity share in Banque Nationale de Paris (South East Asia).

Explaining the rationale behind the merchant bank joint venture, BNP's head office chairman Jacques Calvet said that BNP itself is represented or established in all five member countries of ASEAN: Singapore, the Philippines, Thailand, Malaysia and Indonesia.

United Overseas Bank chief manager Ernest Wong Yuen Weng recently told a financial seminar in Singapore that "the 1980s may see some revision in the local tax laws of benefit to issuers, investors, dealers, syndicate members and other participants in the capital market."

This could take the form of extending the concessionary 10 per cent tax rate on Asian Currency Unit operations to securities business in the local capital market.

Merchant bankers also believe a large pool of funds could be drawn on to enliven the local securities market if the authorities waived the 40 per cent tax on Singapore residents' income derived from overseas investments when repatriated into the Republic.

Paul Lazard

### Well geared

As POSB garners more than 60 per cent of local savings deposits, BNP (SEA) is particularly well geared to assume a significant role in the domestic securities market as well as in the region through its offshore or Asian currency unit licence, M. Calvet said.

But even beyond this, local bankers fear the POSB might also introduce a form of current account facility at some stage.

The Securities Industry Council, which is chaired by the Monetary Authority of Singapore's managing director, Michael Wong Pakshong, said it is currently considering recommendations from the

## Thriving position

CONTINUED FROM PAGE 1

Malaysia, Indonesia and Thailand, along with more distant countries like Australia, the Philippines, Taiwan and Korea, all enjoy growth rates that suggest a near insulation from the industrialised West's sluggishness.

Not all is rosy, however. The political stability of some of these countries appears fundamentally fragile, even if it is not obvious that more democracy would make them more stable. The problems relating to Indonesia, moreover, are far from ended. A single major upset in one part of the region could be disastrous.

On the domestic front, Singaporeans speak most often of two problems for the future. One is how to cope with affluence, the other with responsibility to test their

mettle. But it is recognised that this may still only ensure good administration rather than great leadership.

For the mass of Singapore's 2.3m people, however, such problems loom less large. Indeed, it is reckoned that the message of an old joke still applies—namely, that all the average Singaporean wants is "one wife, two children, a three-roomed flat and four wheels."

Confirmation of this is impossible. But stuck in the midst of yet another traffic jam, one taxi-driver offered a new version of the old rule of democratic equality as he complained of the delay: "Traffic jam," he said, "potting disinclined to cars with single drivers." "In Singapore, one man, one car." In Singapore, that's progress.

## Asian dollar bond prices show signs of recovery

PERHAPS no offshore activities illustrate so well Singapore's "little brother" relationship with its bigger European counterpart than the markets in Asian dollar securities—Asian dollar bonds and CDs (certificates of deposit). Nobody denies the leaders of the major local banks are highly successful businessmen, but as one foreign industrialist operating here asked, "are they bankers?"

Critics feel the 13 local banks still lack expertise when it

per cent floating rate notes and the most convertible.

The majority of issues in 1978 and 1979 have been floating rate, meaning that interest is linked to the Singapore Interbank Offered Rate (SIBOR) for three- or six-month deposits. But earlier this month a fixed-rate issue by Orient Leasing encouraged hopes for a revival

The problem is that the number of issues is limited. In Europe the number is larger, so it seems more active. But the technical aspects are so different, and even in Europe it can be difficult to buy and sell.

Both agree that Singapore did the right thing by trying to encourage the Asian dollar bond market, even though it

provided an additional source of funds for the ACUs, and in 1978 32 ACUs issued CDs.

Fixed-rate CDs, first tried unsuccessfully in Singapore in 1970, were re-introduced in 1978. Primary issues amounted to almost \$500m in 1978, and presently stand at about \$700m after the rising trend of interest rates dampened growth. U.S. banks accounted for about two-thirds of the issues. Japanese banks for another fifth.

Of greater importance have been the longer-term floating-rate CDs, of which over \$1.2bn worth have so far been issued in Singapore. In fact Singapore has now become the most important financial centre issuing floating-rate CDs outside London. The key to this growth has been stringent regulations regarding Japanese bank lending imposed by the Japanese Ministry of Finance.

The Ministry ordered Japanese banks to match, up to a specified limit, the maturities of their assets and liabilities, covering a proportion of long-term lending with long-term borrowing. Floating-rate CDs allowed them to borrow long—and this is done through Singapore, it is said, for reasons of proximity and convenience but also to help the monetary authorities develop the market.

### Significant

In a significant development, the Monetary Authority has from this month abolished the "queuing" system under which banks issuing floating-rate CDs came to the market in a smooth and orderly fashion. The shift to a more laissez-faire approach has coincided with a lull in the market, making its timing fortuitous, some issuing banks might have had to withdraw from the queue this month had it continued.

The authorities are also considering whether to allow foreign banks without any branch in Singapore to register CD issues in the city. The change would allow non-resident banks to issue CDs in the Asian dollar market, end would represent a further development for Singapore.

The next step in the securities market, however, appears to have made a start. In a controversial move, DBS-Daiwa managed the first issue of Asian commercial paper—in effect the corporate equivalent of the floating rate CD—on behalf of the Japanese trading company C. Itoh. The amount was \$10m for three or six months, and the margin was low, at one-eighth above SIBOR. DBS-Daiwa expect to manage a second issue this year.

C.S.

### ISSUES IN THE ASIAN DOLLAR BOND MARKET (\$m)

	No. of issues	Total	Up to 5 years	5-10 years	Over 10 years
1971	1	10	—	10	—
1972	2	51	—	31	20
1973	3	70	—	10	60
1974	—	—	—	—	—
1975	3	47	—	47	—
1976	9	266	120	86	60
1977	14	368	61	282	45
1978	12	403	217	156	30
1979	8	358	—	328	20

Source: Monetary Authority of Singapore.

of this instrument. The amount was \$30m, maturity was five years and the coupon 12 per cent.

These developments suggest that the Singapore market has now developed adequate managing and underwriting expertise to handle bond issues, although undoubtedly there are still advantages in the European link, which permits larger issues to be fitted and a better secondary market to be developed.

Expansion of the Singapore secondary market has been encouraged by the trend towards floating rate note issues. But the market's lack of liquidity is still said by bankers to be the greatest obstacle to the growth of the Asian dollar bond market.

One secondary market maker states categorically: "In the recent rally we would have made three times as much as we have, had we been in London or New York. But it's not been possible, even though it has been a good month. Costs of delivery are higher in Singapore and we need to buy on a larger scale. But the market is thinner, and we can't find sellers of the right size. Where as people in London or New York will buy or sell, here they are more likely to hide. It's terribly frustrating."

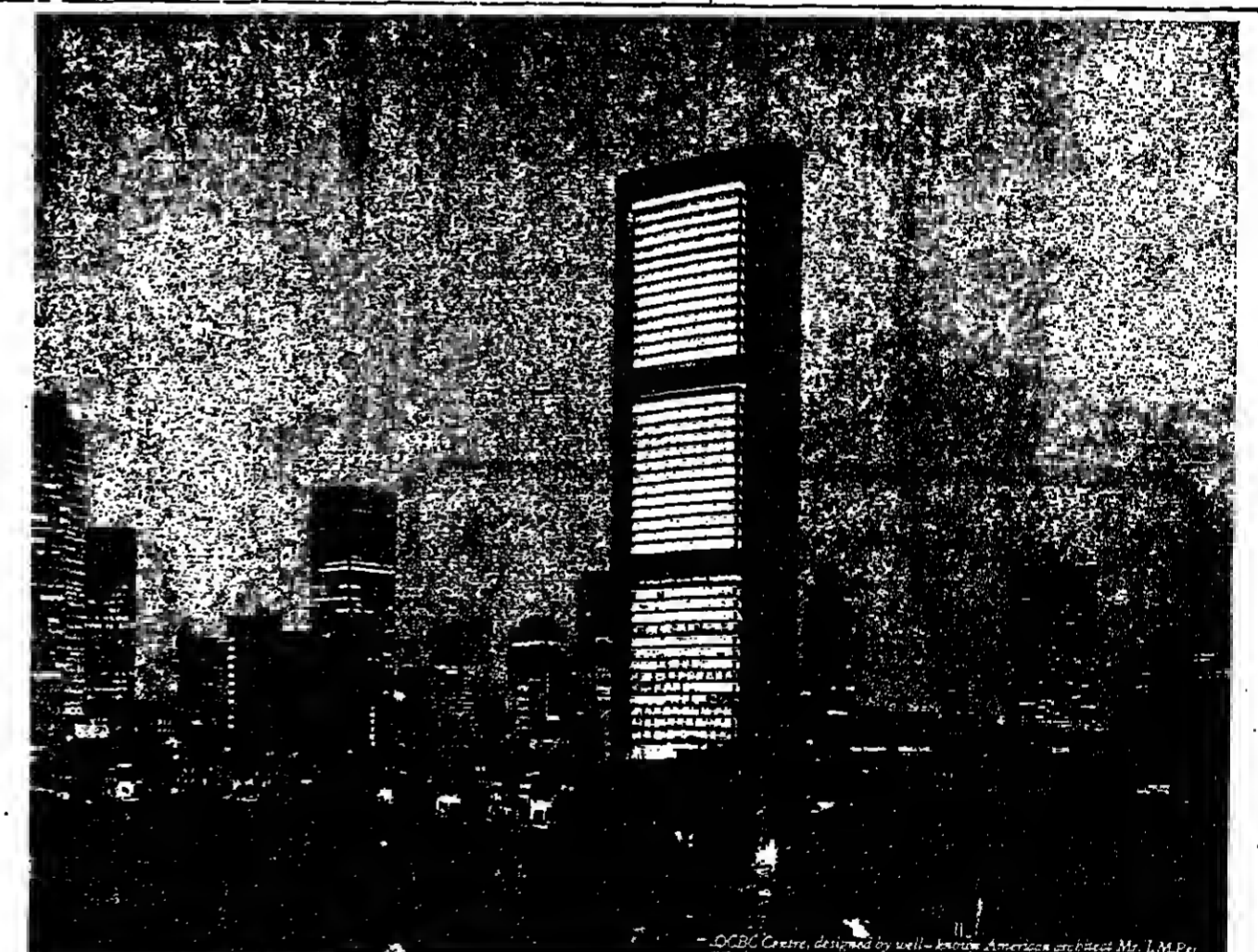
Another market maker disagrees. The problem, he says, is not the number of participants in the market. "All the top market makers are here.

has been rather caught out by market conditions. They also stress the importance of having more issues, encouraging international trading in securities, and establishing Singapore as a link in a global network just as it already is in foreign exchange.

Singapore's encouragement for the issue and trading of CDs has met with greater success. Again, the principal complaint—though in this instance apparently less justifiable—concerns the underdevelopment of the secondary market.

"No primary market can sustain forward momentum without a viable secondary market," complains an American banker. "And in the secondary market for CDs here there is a lack of participation by the banking community."

In fact as with the bonds the principal market makers are all active—DBS-Daiwa, Merrill Lynch, Credit Suisse First Boston and most recently Bankers Trust. Though essentially time deposits with a specified maturity of anything for one month to five years, CDs are also negotiable and can be sold before maturity for cash. For the banks issuing them they are thus a means to secure funds for their day-to-day requirements; for banks and others holding them they offer a return while at the same time being almost instantly encashable. In Singapore they have therefore



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## SINGAPORE BANKING AND FINANCE IV

# Republic hopes to attract international insurers

SINGAPORE'S progress towards its goal of becoming a regional re-insurance centre has been disappointingly slow, despite fiscal incentives offered to international insurance brokers and re-insurance companies. But re-insurers are generally optimistic that regional and international business will compensate for a limited domestic market, whereas life insurance companies in Singapore find themselves squeezed by both local and foreign competitors.

General insurers too are under pressure: in an overcrowded market they faced declining premium income last year and a series of heavy claims.

But despite the presence of a large number of insurers in Singapore, chasing a limited domestic market, the Monetary Authority is not prepared to close the door to new arrivals. Instead it is on the lookout for international insurers who can bring additional expertise to the Singapore market in terms of services, underwriting capacity and greater specialisation.

The idea of creating a sound local capacity for writing international business began in the early 1970s. There are now nine professional re-insurance companies in Singapore, three of which are local, one of them—the Singapore Reinsurance Corporation—being the largest operator in the market with a premium income of just over \$540m.

## Need for time

"In global terms the Singapore reinsurance market is very small—its capitalisation and underwriting capacity only a fraction of the world picture," admits a leading re-insurer. But the Monetary Authority hopes that the built-in advantages Singapore enjoys—the absence of exchange controls, fiscal incentives, efficient communications facilities, Singapore's strategic location and excellent banking and related financial services—will increasingly move the industry in the right direction.

"You can't develop Singapore into a reinsurance centre overnight," says Insurance Commissioner Tan Guan Aik. "The effects of the 10 per cent concessionary tax rate on profits from offshore business introduced in 1977 have yet to be ascertained."

Greater controversy surrounds the performance of the life insurance business. Traditionally inhibited by the role of the Central Provident Fund (CPF) which siphons off a substantial proportion of savings in the form of compulsory wage deductions, life insurers have succeeded in tapping only 10 per cent of the estimated market—or 100,000 out of the 900,000 working adults considered potentially eligible out of a total population of 2.4m.

Life insurers are under attack by the Monetary Authority for not being sufficiently enterprising and for failing to identify the changing needs of increasingly prosperous Singaporeans. The Central Provident Fund is also about to provide fresh competition in a different guise.

The Monetary Authority appears to be thinking in terms of offering only a minimum benefit CPF making the scheme into a rival for the trade union-run insurance company, which already provides life insurance cover for the lower income group. Mr. Tan says: "We firmly believe in the free enterprise system and the private sector should not be worried that their role would be undermined by the Government." But commercial insurers are still concerned.

"If CPF goes into insurance in a big way it will, of course, be of concern to life companies," says an insurance manager. "It depends how far they go and what is meant by a minimum benefit. If it turns out to be as low as \$85,000 it could even have the effect of triggering a thought process and making Singaporeans more aware of the advantages of taking out life insurance—which would in turn benefit existing companies."

At the same time, the monetary authority has made it clear that it will consider applications from foreign life insurers to set up additional companies to compete with existing ones. The Authority is particularly interested in applicants prepared to arrange joint ventures with small local companies and those prepared to go in for aggressive marketing to combat "public apathy" towards life insurance.

Life insurers claim that given the size of the market, they already offer a reasonable range of contracts—although the majority of business is sold under basic tables, as in many other parts of the world. One broker pointed out: "Whole life and endowment policies can be

tailor made by attachments to suit individual clients." The same broker disparaged the suggestion that annuities and investment-linked insurance schemes should be offered to Singaporeans. "There's a very limited market. We do have several unit trusts but demand is not great."

Tax relief on insurance premiums has also been eroded by increases in CPF contributions. "We're now selling on the basis of 'forget the tax relief, concentrate on covering the risk,'" says a leading life insurer. But he concedes that there is scope for expansion in the industry "provided the economy keeps up."

This hope is echoed by many general insurers faced with declining profitability caused by falling premium income and a series of hefty claims. Particularly hard hit last year were the marine and insurance sectors, although even fringe companies survived because they were able to make re-insurance arrangements. Marine losses were high following supertanker

disasters and an increasing number of fraudulent claims.

## Quibbling

This latter problem was by no means entirely solved by the Far East Regional Investigation Team (FERIT) set up in Hong Kong and supported financially by the insurance market in Hong Kong, London, Singapore, Malaysia, Indonesia, Taiwan and Japan. As a result of FERIT's recommendations, a data bank was created to provide collated information for underwriters, but so far no agreement has been reached on how to pay for the bank to be updated. "Local companies are quite happy to pay out huge sums of money in claims, but quibble about the relatively minor costs involved in the data bank," says a foreign insurer.

Insurance Commissioner, Tan Guan Aik, concerned over the effects of marine fraud on Singapore insurers, says that fraud can only be effectively minimised by international co-operation. "The report which

resulted from the FERIT investigations should be studied by marine underwriters seeking to learn from this unpleasant experience."

Some legislative changes are now under consideration by the Government which would provide for stricter licensing arrangements for insurance agents and brokers. At the same time the Insurance Act is likely to be amended to widen the scope of the kind of assets in which insurance companies now have to invest their funds. This would answer a long-standing grievance of the industry that its ability to offer a wider range of contracts is prevented by present insistence that a large percentage of investment has to be in Government bonds.

Without committing himself, Finance Minister Hon Sui Sen says: "I think the time has come for restrictions (on investment in Government bonds) to be lifted." Such a change would offer the industry a ray of hope in an otherwise unpredictable future.

Kathryn Davies

# Key link in the global foreign exchange system

AT 1.30 am Washington time on Friday April 25, a shocked world learned for the first time of the failure of the U.S. mission to rescue the diplomatic hostages held at the American Embassy in Tehran. Across the other side of the globe, in Singapore, it was lunch time on the last day of the week, and the markets were open. For the foreign exchange dealers preparing to close business, the news came like a bolt out of the blue.

Stunned, they stopped everything. For several agonising minutes none dared quote a rate for the dollar. Then its exchange rate started falling. Ever on the mark, the Bundesbank in Germany, where it was only breakfast time, stepped in and bought dollars. The U.S. currency began to resist the trend and, in the words of one banker in Singapore, the Bundesbank "probably even made some money for itself."

Few examples better illustrate how Singapore has become

a key link in the global foreign exchange network that, with the help of modern communications technology, now allows currency dealing around the clock. Central banks, multinational corporations and a wide variety of other financial institutions, including of course the banks themselves, keep a 24-hour watch on the market in order to trade and to make money—or rather not to lose it.

Singapore offers the widest window on the world between Japan and Europe—wider even than Hong Kong or Bahrain because of the hours it is open and its physical location. At the end of each day Singapore hands over to London, Frankfurt and Zurich; at the beginning it takes over from Tokyo and San Francisco. One Swiss bank in Singapore even deals between Swiss banks back home because of their own agreement not to deal directly with each other before a certain time.

By last month, daily turnover on Singapore's foreign exchange was running at \$4.7m a day and rising—a figure now

widely said to be in excess of Hong Kong's turnover. Less than two years ago average turnover was \$1.8m a day; in 1974 it was just \$350m. About 30 to 40 per cent of turnover on a typical day is dollar/Deutschmark, according to the monetary authorities; another 20 per cent is dollar/yen, and a further 20 per cent is in sterling.

## Volatility

The growth is partly a reflection of the increasing volatility of the foreign exchanges which has been seen ever since the Bretton Woods system came to an end. But it is also a consequence of the growth of the Asian dollar market and of the number of ACUs in Singapore. Apart from the eight brokers operating on the island, there are estimated to be about 15 or 16 market makers, about 30 major participants in the market and another 100 or so on the fringes. One multinational corporation operates through no less than 29 banks.

Watching it all is the Monetary Authority, which demands detailed monthly returns of all foreign exchange dealings, and a young breed of sharp and enthusiastic chief dealers. Although some dealers feel central banks can defend their currencies more easily in Singapore because it is still smaller than other markets, most agree that Singapore is a follower rather than a leader and that central banks must start in Tokyo if they wish to act firmly on a particular day. Dealers say they can tell when central banks are in the market, but rarely know exactly on what scale they are operating.

Only a tiny proportion of the foreign exchange activity in Singapore is to finance trade, even though Singapore remains one of the world's major trading centres and has one of the top five busiest ports. The same may be said of tourism, for all the phenomenal growth this has shown. Bankers don't like to say so openly, but the bulk of the

activity on Singapore's foreign exchange market is in fact speculative.

The experience of being on the sidelines of such a phenomenon appears also to have sharpened Singaporeans' entrepreneurial instincts in the currency field—to the chagrin of the authorities. The lifting of exchange regulations in June 1978, coupled with a relaxation in restrictions on domestic lending by offshore banks, produced an opportunity which they and the banks have not missed. For the Monetary Authority it has been a test for all its techniques of "moral suasion."

The opportunity lies in the fact that offshore banks are not subject to the 26 per cent liquidity reserve requirement that applies to their "full bank" domestic counterparts. This has provided an incentive to indulge in what are known locally as "Singapore swaps"—swaps between Singapore dollars and foreign currencies, usually the U.S. dollar because, with interest

rates higher for the dollar, the yield on the deals is better.

The swaps work like this. A holder of surplus Singapore dollars buys U.S. dollars from an ordinary bank and places them in an ACU—a deal that is done all the time and is perfectly acceptable. Then, in a manipulation which the authorities say is against the spirit of the Banking Act, the holder of the U.S. dollars sells them back on a forward basis to the bank—or more usually another bank disguise the deal.

## Incentive

The bank then sells the U.S. dollars spot for Singapore dollars, which it then lends out in the full amount without holding back 26 per cent as reserves. The bank offers the customer an incentive to do all this by agreeing to pass on most of the benefit that it reaps by lending the full amount. Competition among the banks has meant their own share has been cut

back. But both the customers and the banks emerge better off.

The authorities meanwhile find that their control of the money supply is being undermined. In response they have applied a degree of "moral suasion" on the banks which even one local banker was forced to describe as "very heavy pressure."

According to Mr. Hon Sui Sen, the Finance Minister, moral suasion can't be totally effective without tougher sanctions behind it, and he points out that the legislation relating to foreign exchange controls is still in place. But he says the imposition of controls would be "against the grain."

One U.S. banker says that at one stage last year there was some talk of reviewing the liquidity reserve requirements. Nothing has been heard since, and a local banker says the Monetary Authority's proposals have yet to be unwrapped.

C.S.



Mr. Michael Wong Pak-shong, managing director of the Singapore Monetary Authority.

# Gold futures market exceeds hopes

"IN THE East there is a mystique about gold," says Singapore's Finance Minister Hon Sui Sen. "People in the region subject to Japanese occupation (during the Second World War) have a faith that makes them invest in gold. Also, if you are a Vietnamese refugee, the existence of small gold trinkets is much more appreciated even than U.S. dollars."

Singapore's fledgling gold futures exchange—the only formal gold market in Singapore and the only international futures market in the ASEAN-Pacific basin—was set up 18 months ago to extend the scope of the Republic's hitherto informal gold dealings. Its performance so far has exceeded most expectations. Not lack of liquidity, expensive brokerage and margins and cumbersome delivery systems are limiting the market's speculative base and casting doubts on its ability to attract big international investors.

In terms of lots per day traded on the exchange (GES) the current average of 150 (of 100 troy ounces) is higher than the 100 lot mark considered necessary for the market to be viable. The new system also survived the hectic trading in December and January when, as part of the international gold rush, the daily average increased to 500 lots. "We coped pretty well," says an experienced dealer, "and the sound financial structure of the clearing house allowed us to avoid the kind of financial problems experienced elsewhere."

Under the Singapore system, futures contracts and prompt, current month and the subsequent four even months are available at any time. For example, on January 2, deliveries for prompt, January, February, April, June, August and October would be traded. Contracts are guaranteed by the Singapore Gold Clearing House, which, on the insistence of the monetary authority, is a separate institution owned by the largest four local banks and the Singapore branch of the Bank of Nova Scotia. The clearing house issues gold certificates to buyers which are valid for 12 months.

However, dealers point out that although the setting up of the GES was well-timed and is making money for the clearing house and for most exchange members, it has failed to make really significant inroads into the total volume of gold dealing in Singapore and has seemingly saturated the local futures market.

It is impossible to assess the total annual volume of gold dealings in Singapore, but it is generally believed that the GES accounts for perhaps as little

as 10 per cent of the market. Most investment and speculation continues to be in the informal markets: the "loco" London (spot transactions in standard 400 oz bars, delivery in London) and trading in local kilobars in which goldsmiths and big overseas investors tend to participate.

The exchange also has trouble in attracting the right kind of speculator, or investor. As the dramatic drop in lots per day traded between January and May indicates, a large number of investors hured their fingers in the turmoil which hit international markets at the turn of the year. These speculators consequently withdrew abruptly from the market, provoking GES chairman Dr. Gan Ajoen Hok to call on participants who equate gold futures with easy money to stay out of futures dealing.

At the same time the obvious lack of liquidity in the GES is a deterrent to the kind of speculator Dr. Gan would welcome—a sound businessman with substantial risk capital available and the right psychological makeup to indulge in which he correctly describes as "an extremely risky and emotionally stressing venture." Such an investor finds it cheaper to deal in "loco" London or the New York commodities exchange, Comex. It is also felt that the Hong Kong futures market, now in prospect, will at least be as competitive as Comex and will therefore make international participation in the GES under present conditions less likely.

## Talks in progress

However, discussions are currently under way in both the GES and the clearing house on ways of improving the competitiveness of the Singapore gold market. It is possible that the minimum rates or original deposits required from members as a security for outstanding contracts will be reduced in line with the Comex requirement of US\$5,000.

The present gold certificate system is also currently under review. This is expected to involve the introduction of an internal accounting system between the clearing house and depositing banks permitting the issuing bank to give a "delivery note" to the customer which would not be negotiable but would be "much cleaner."

Kilobar contract trading is also likely to begin in the near future, although implementation has been held up by reservations from the clearing house over the volume of administration needed to accompany it. Impetus for this development has come from brokers and the kilobar contract is thought likely to be attractive mainly to the small investor.

In an effort to attract larger

participants, the Government cut the tax rate on income derived from offshore gold transactions from 40 per cent to 10 per cent in the March budget. The expected loss of revenue is estimated at \$51.5m. But, says Hon Sui Sen, "We expect eventually to recover the revenue we lose" when the market expands.

The problem for the development of the GES is that overseas brokers would inevitably have to bring in a substantial amount of overseas business, merely turning the exchange into a booking centre for over-

seas buyers and sellers. This would offer little prospect for healthy long-term development, since it would not offer depth to the futures market.

However, Dr. Gan hopes that recent swings in interest rates will point up the attractions of spread trading—the simultaneous buying of one futures month against the selling of another—for holders of physical gold, such as goldsmiths and jewellers, as well as for people who would rather take a stand in interest rate fluctuations than gold prices.

Meanwhile the Government is

looking at the possibility that the gold futures market could play a significant part in setting up a Singapore commodities exchange to fit in with the overall concept of the city state as a major financial centre. However, bankers and dealers believe that financial institutions would probably be reluctant to participate in an exchange dealing in softer commodities and that such a totally new concept would not fit in with the present framework of gold futures trading.

Kathryn Davies



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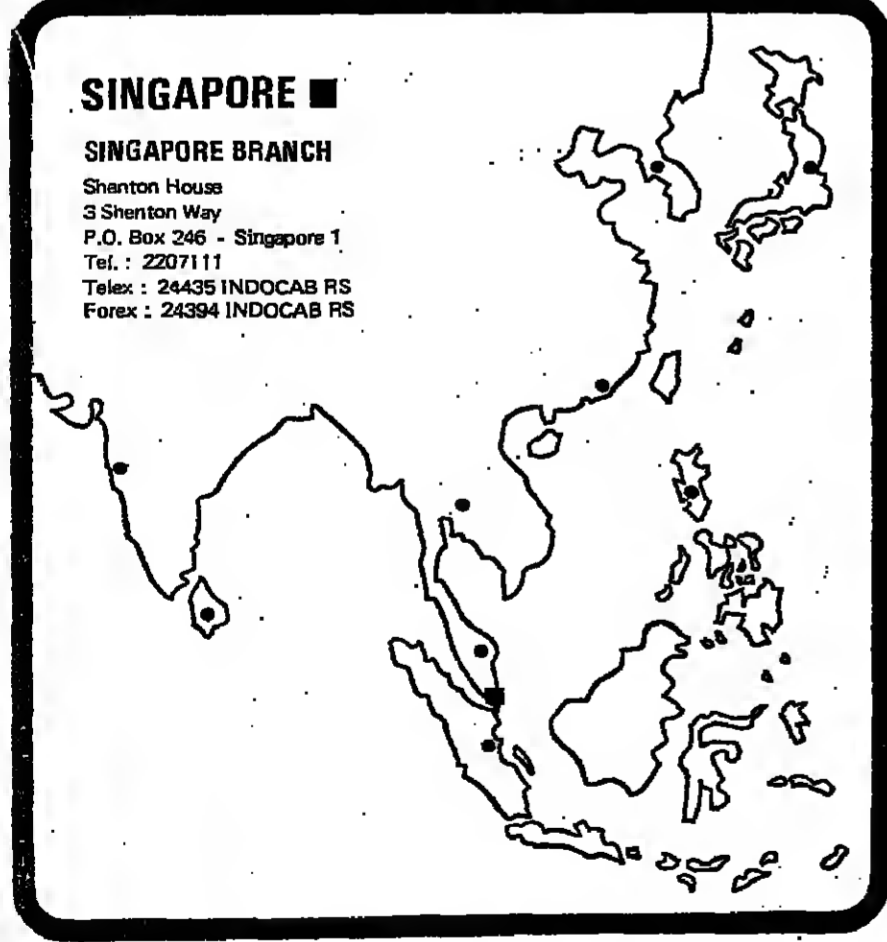
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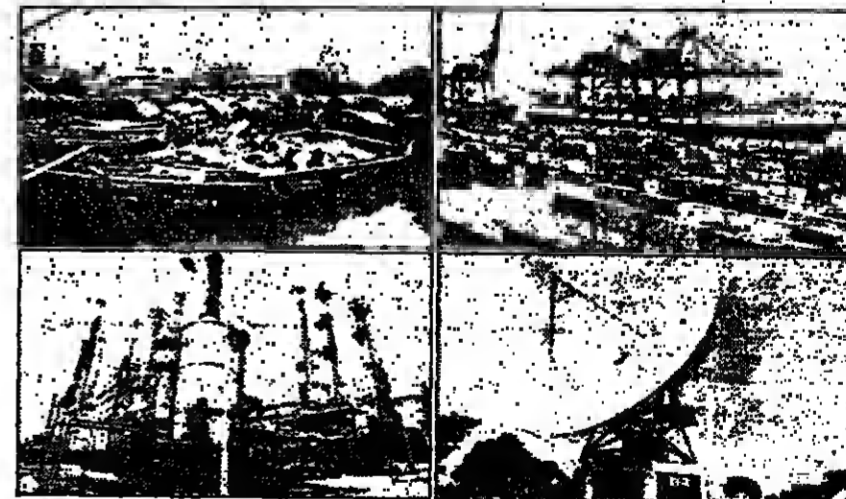
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# No losers in the battle for supremacy

SINGAPORE and Hong Kong are engaged in a never-ending battle to be the main financial centre of Asia. Most of the time they are chasing their own shadows. For this is a contest in which there do not seem to be any losers.

Neither city state can regard itself as anything but a winner. The same can be said for the many banks and other financial institutions which have invested in a presence in either city or, more likely, both.

It is as probable that one will knock the other out of the race as it is that the U.S. will become a one-party state. And for the same reason. The two are complementary as much as competitive. Yet each is sufficiently aware of the other's performance not to allow the other to open up to commanding a lead. Singapore is more self-conscious about the rivalry. It needs to be because it is a smaller city and one in which financial and related services play a larger role than they do in Hong Kong.

The reason why both cities are financial centres dates back to before the idea had been conceived.

Their positions are best understood as the transfer to a modern context of the entrepot trade and commercial service roles for which they were originally — and very deliberately — created by British merchant imperialists.

Even in the telex and jet age geography is still important and for that reason many things can be done in and from Singapore which can't be done from Hong Kong, and vice versa.

That said, the rivalry is genuine. As Singapore Prime Minister, Lee Kuan Yew, put it recently: "Hong Kong keeps Singapore on its toes." And vice versa.

The styles of the two cities differ but their goal is the same. Singapore has, from the very beginning of its financial centre ambitions, deliberately set out to attract and foster certain

types of financial services. Through tax incentives and other devices. Barely a Budget goes by without some tax changes aimed at encouraging new types of service for which a potential market seems to have appeared or removing wrinkles in the path of existing ones.

Hong Kong takes few, if any, initiatives and publicly adopts a "hands off" posture that gives no favours to any industry. In practice it is rather more pragmatic, changing a rule here, turning a blind eye there, yet without overtly compromising any of the basic principles of the colony's tax system or financial freedoms.

## Ever alert

The difference of approach is summed up in the early history of the Asiatic market. Back in 1908, Bank of America had spotted the potential for a regional market for short term funds and foreign exchange transactions.

Ever alert to the chance of promoting new products and services, Singapore abolished its withholding tax on interest paid to non-residents and offered banks the incentive of a profits tax rate of only 10 per cent on offshore business.

By around 1972, with the Singapore market showing lively growth Hong Kong began to be concerned that it could be missing good business.

The Government was not prepared to make any concession on withholding tax nor introduce into its tax system the distinction between resident and non-resident.

It toyed for a time with the idea of allowing banks to set up segregated departments to do Asiatic business without withholding tax.

But it allowed banks to sidestep the issue through an interpretation of the tax code so that financial institutions do not face withholding tax on transactions

with their branches or affiliates.

The net result was that banks and finance companies in Hong Kong could borrow Asia or Eurodollars from their branches elsewhere and use Hong Kong as a lending centre.

Many bankers thought this an even better idea than having an official ACU market in Hong Kong on which they would have had to pay 15 per cent profits tax. With this informal system they paid no profits tax on loans made offshore on the grounds that the profit was not derived from Hong Kong.

This created a complementary link between Singapore and Hong Kong with Singapore the funding centre and Hong Kong the lending centre.

The structure is evident in the breakdown of the offshore assets and liabilities of Hong Kong banks and deposit taking companies.

At the end of December 1979, these institutions owed U.S.\$5.4bn to banks in Singapore due were due only U.S.\$2.2m in return from Singapore. Hong Kong's other main sources of funds were London—\$5.3bn, and New York—\$2bn.

The timing of Hong Kong's quiet manoeuvre could not have been better. It came in time to attract a massive inflow of foreign banks which set up financial company subsidiaries (there was a moratorium on new bank branches) and representative offices to catch the rapidly growing lending opportunities in the Asian Pacific region.

These lending opportunities grew faster than ever after 1974/75 oil price increases compounded a number of countries in the region to perpetually high current account deficits.

Hong Kong, however, has remained first and foremost the place where loans are arranged rather than booked. The current total of some \$8bn in offshore loans by Hong Kong

banks and deposit taking companies is small not only in comparison with the \$40bn for the Singapore ACU market but also in relation to the unknown amount of loans arranged in Hong Kong but booked at diverse points around the world.

Hong Kong's own position as a banking centre received a brief setback two years ago when the Government moved to collect some tax from banks and deposit taking companies on profits on loans arranged from Hong Kong but made offshore.

There were cries from banks that they would be forced out to Singapore or even Manila. In the event there was no such exodus. The tax was applied rather lightly, so that in effect it was no greater than in Singapore. At worst expenses could be offset against it.

Any deleterious effects of the tax issue on Hong Kong were offset by two favourable developments. First was the end of the banking licence moratorium which resulted in 41 new licences being issued to leading international banks bringing the total licensed banks to 115.

Second, was the opening up of China and the hope—very overstated—that this would lead to big new lending business.

Although the licence moratorium has been temporarily re-imposed to curb domestic credit expansion it is likely to be lifted again before long.

As a result of these developments, Hong Kong's position as the leading Asian syndication centre has probably been further enhanced. It has not, however, had things entirely its own way with different banks for various reasons adopting different management strategies for the region.

Singapore's proximity to Indonesia and Malaysia has been particularly important, while bankers in Hong Kong have been more preoccupied with the big East Asian borrowers and the Philippines.

Both cities offer a wide range of efficient back-up services for the banking industry, ranging from the phone and telex services to printing and accounting. But Hong Kong has been a long way ahead in offering legal services. It decided several years ago not to protect the local legal fraternity from outside competition.

Big British and American firms are active in Hong Kong and can provide expertise in loan documentation not available to Singaporean lawyers.

Typically, however, the Singapore Government has recently moved to overcome this deficiency. Ignoring the outcries of local interests it has allowed the London firm Freshfields to set up in Singapore. Others will follow.

Singapore is also pushing hard into new areas such as international fund management—long established in Hong Kong—and bond and other securities dealings, though Singapore's securities market is much smaller than Hong Kong's and investors face a withholding tax on dividends. It has attracted relatively little foreign interest.

Singapore has official Asiatic dollar bond market to itself, and recently abolished stamp duties to encourage the secondary market. But in practice, far more actual secondary market business is done in Hong Kong through the big securities houses and banks operating there.

That is another example of Hong Kong's ability to engender informal markets simply by letting traders get on with it without insisting on a formal framework or supervision that is a permanent difference of philosophy which stems from the cities' different political situations.

But Singapore is in earnest to develop itself as a securities market and if successful could take away some of Hong Kong's informal business.

The gold markets provide an interesting example of rivalry and contrasting styles. Hong Kong has a large and long established gold market conducting its business in Cantonese. Sida by Sida there grew up both "loco London" and a "loco Comex" markets, informal but active markets conducted by international bullion dealers and commodities houses in Hong Kong hours but on the basis of London and New York.

Eighteen months ago Singapore set up its own gold futures market, a formal market to rival both Hong Kong's traditional market and the informal "loco" markets. In time it is possible that Singapore would have attracted a growing share of the business, particularly at the expense of the informal markets, but Hong Kong has now allowed the HK Commodity Exchange to set up its own gold futures market.

Singapore's domestic financial market is smaller than Hong Kong's but money markets are more developed because of the existence of Government securities and the Government's use of market mechanisms to influence interest rates and money supply.

On the other hand the ability of Singapore's domestic capital market to develop in the long term is constrained by the overwhelming size of two Government institutions—the Central Provident Fund, the main mobiliser of household savings, and the Housing Development Board, dominance in the housing market.

The HDB and the Government together absorb most of the CPF's cash flow.

In Hong Kong, life insurance and pension funds are still rather undeveloped but they have massive growth potential. International non-life insurance business is a growing industry in both cities. Singapore has offered tax advantages and Hong Kong is in the process of tightening up its previously almost non-existent regulation



Lee Kuan Yew: "Hong Kong keeps Singapore on its toes"

of the industry in an effort to improve its image as an insurance centre.

Singapore may profit from efforts by the Association of South-East Asian Nations to retain reinsurance business within the five nation group. Hong Kong has the advantage of being a very large ship owning centre.

Last, but very far from last, are the respective roles of the two cities as the hubs of overseas business. Singapore is closer to and has more direct business dealings with Chinese in Malaysia and Indonesia. On the other hand, the Thai Chinese community—which probably controls more assets than its Malaysian and Indonesian cousins combined—has closer links with Hong Kong. It is to Hong Kong, politically neutral and with its

free and easy attitude to the origin and uses of money, that Chinese throughout the region look primarily as a haven for their funds.

Singapore on the other hand clearly attracts a lot of similar fund money from non-Chinese Malaysians and Indonesians. Singapore and Hong Kong are rivals in certain areas, complementary in others. They are in contiguous, but still different areas of Asia. Each is affected by its own hinterland, one Malay and capitalist, one Chinese and communist, which influence the sort of business that can best be done.

But essentially both prosper under the same conditions—the internationalisation of business, and the pragmatism that has served East Asia so well.

Philip Bowring

## Bankers get down to real co-operation

BANKING co-operation within the Association of South East Asian Nations (ASEAN) was until recently confined to rather dull, even if worthy, matters such as "exchanges of information" and "banking education". The excuse offered for not attempting more fundamental co-operation was the diversity of banking systems in the five member countries (not to mention their differing states of economic advancement) and the fact that in some countries banks are in the main privately owned while in others the State is predominant.

True, when the heads of state of the ASEAN five—Indonesia, Malaysia, the Philippines, Singapore and Thailand—came together in August 1977 for their second summit meeting, one of the areas of agreement was on setting up a US\$ 100m central bank swap arrangement to support any member's currency should it come under undue pressure. But this was a political gesture as much as anything and, even though the swap line was later doubled, little, if any, of the facility is thought to have been utilised yet.

It was not until earlier this year when ASEAN had entered its 13th year of life, that bankers in the region committed themselves to really meaningful co-operation, although when they did—at the ASEAN Banking Conference and meeting of the ASEAN Banking Council in Jakarta during February—they really did get down to fundamentals. The 26-member council, drawn from both private and State-sector banking interests within ASEAN, resolved to found a new type of development finance institution to foster an industrial take-off in the region, and to launch new financial instruments for stimulating trade among the five.

### Original thinking

Both projects had in fact been suggested as early as 1974 by a United Bank team commissioned to identify promising areas of economic co-operation within ASEAN. But that report had been gathering dust on bureaucrats' and planners' shelves for some six years when a group of development-minded bankers began indulging in some original thinking, although they do acknowledge some debt to the UN team.

Specifically what was decided upon in Jakarta was a scheme to launch a development finance institution, drawing upon both European and Japanese models, as well as moves to harmonise ASEAN's different financial systems to that trade-financing instruments, such as U.S.-dollar bankers' acceptances, can be freely traded. This, it is hoped, will serve to stimulate commerce and trade.

According to one Indonesian banker represented on the ASEAN Banking Council, Dr. J. Panglaykim, president of P. T. Sjahrira Bank Umum in Jakarta and an adviser to the Indonesian Government's Centre for Strategic and International Studies, says foreign banks have not really proved to be really committed to the ASEAN region. "They deal in money instru-

ments but the old (European) merchant banks were more adventurous. The old pioneers are not pioneering any more, so the pioneering must come from within the region itself."

Dr. Panglaykim's argument was that, in a five-nation grouping of some 240m people such as ASEAN, and one which is richly endowed with primary commodities and raw materials, there must be great scope for marrying domestic and foreign capital with other local resources to foment an industrial revolution. As ASEAN Governments had tried, and largely failed, to do this through the politically-inspired ASEAN industrial projects (several of which have proved to be non-starters) bankers might make a better job of it, he suggested.

But it was no good simply aping the British-style merchant banks or the French banques d'affaires or the West German "all-purpose" banks which have become major shareholders in industry, the ASEAN bankers felt. What might be needed was something more along the lines of the Japanese *shojo shusho*—a team usually translated to mean "trading company" but which in fact means a great deal more than that. These nine principal "supertraders"—including such names as Mitsubishi, Sanwa, Marubeni and C. Itoh, stand ready to do just about everything for Japanese industry from providing finance to organising marketing, distribution and exports, even if trading is essentially the name of their game. This, felt bankers such as Mr. Omar Abdalla, chairman of the ASEAN Banking Council, and Dr. Panglaykim, might be the model ASEAN needed.

Essentially what the bankers had to do was to find a development institution which would accord with the different states of banking development and the different monetary regimes within ASEAN. State banks, which in Indonesia control 83 per cent of the credit to the banking system, would have to be able to participate, along with private banks, in such new venture-capital institutions if the idea was to get the blessing of the various central banks and monetary authorities involved. There were also regulations preventing State-owned banks from operating in certain ASEAN States to be taken account of.

With various schemes before it, the ASEAN Bankers Council meeting in Jakarta in February finally came up with a firm proposal for something called the AFC, standing for ASEAN Finance Corporation. This wholly ASEAN-owned institution was designed to supply financial and support services to ASEAN Economic Community (AEC) ventures. After months of discussion, this marked a real breakthrough for the three and a half year old ASEAN Banking Council. Although in principle was reached on the AFC issue by the 26-member council, the proposal still needs the approval of the individual monetary authorities in the ASEAN nations. Simultaneously, a steering committee

from the council will flesh out the specifics of the new corporation, which, it is hoped, will be ratified by the next ASEAN Banking Council meeting scheduled for July in Manila. Then it is back to the monetary authorities.

The main purpose of the AFC will be to fill the financial needs of ASEAN investors, defined in the council's report as "mainly industrial enterprises based on the markets of three or more of the five AEC members." The AFC's capabilities will be wide-ranging.

It can participate in and initiate new industrial investment by providing seed (equity) capital and low-cost funds (with concessional interest rates and amortisation periods).

The AFC will not only service ASEAN-wide ventures, but will allow itself access to individual country investment as well. Ownership of the new institution will be 100 per cent ASEAN, divided equally among the five member-countries. Management will be pooled from the group's banking community, but will not rotate. This is designed to give the AFC greater stability.

### Changes needed

But putting the innovation into practice is not without its problems. Approval is needed from monetary authorities in the ASEAN nations. Also, in four of the five nations (Singapore is the exception) monetary regulations would have to be altered to allow for regional application of the bills.

The ASEAN Banking Council has proposed changes to enhance the attractiveness of acceptances to importers. One important factor is the "buyer of last resort" facility, a role the central banks of importing countries would assume by making the ASEAN bills readily redeemable at preferential rates. Bank could use this option to obtain cash if necessary.

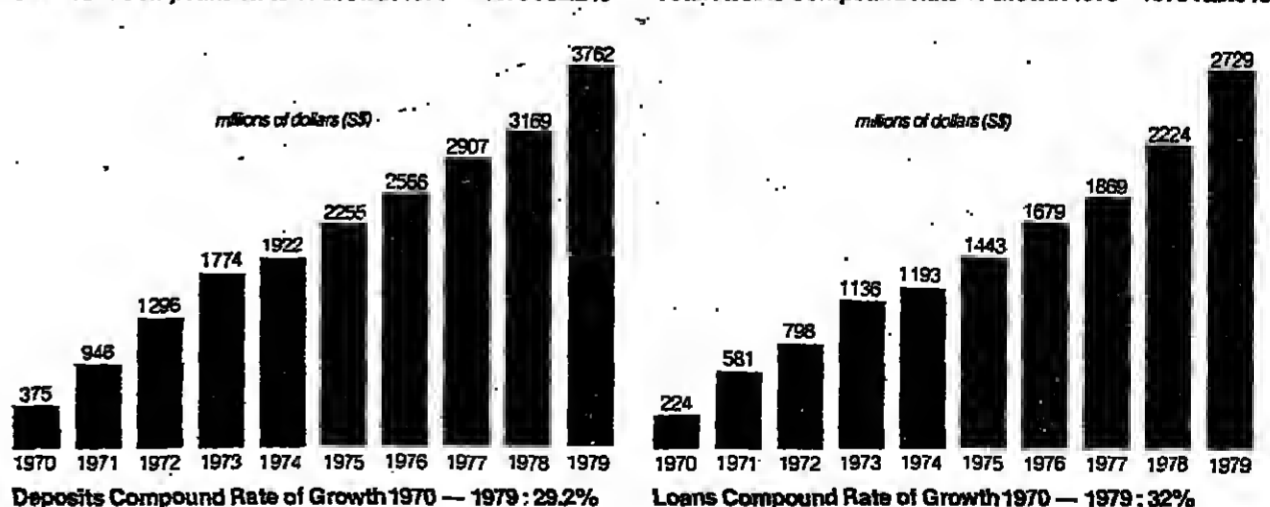
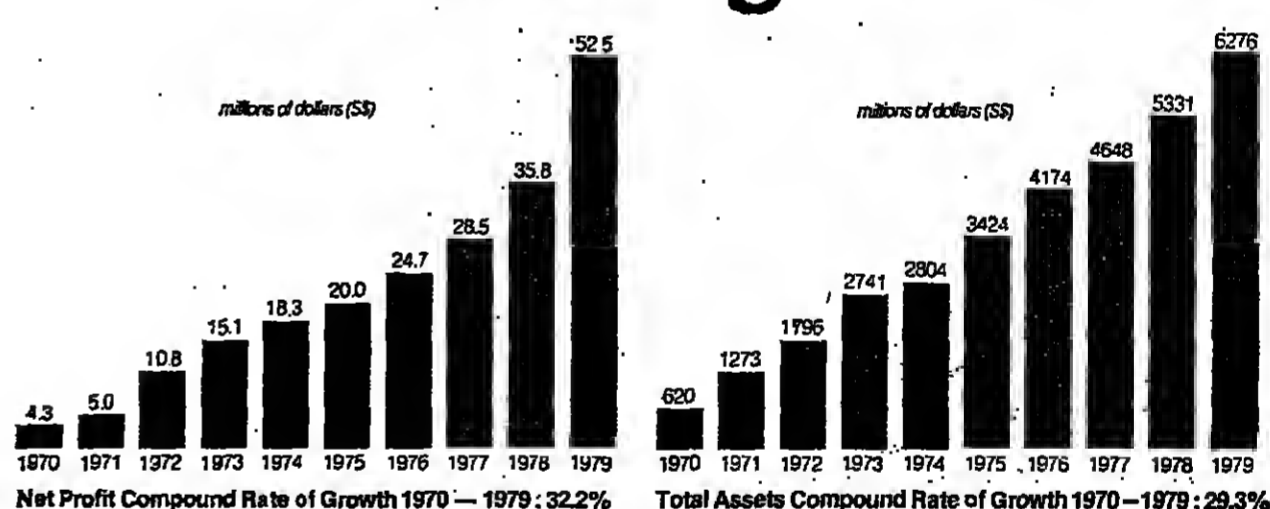
At the same time, foreign exchange regulations covering conversion procedures on export earnings would have to be changed, as some monetary authorities require that proceeds be immediately sent to the central bank.

Meanwhile, some Singapore bankers suggested in private that a strictly ASEAN-based bankers' acceptance market would probably not take off, because it was unlikely to achieve the necessary volume to make it viable. A more cosmopolitan acceptance market, aimed at financing trade with countries outside the region as well as intra-ASEAN trade, could mean that the ASEAN market would operate as a subsidiary to the main New York market, just as the Asiatic dollar market is an extension of the Eurodollar market, they suggested.

Most people feel that this suggestion is more than just a case of sour grapes on Singapore's part at not having got its own U.S. dollar acceptance market launched yet, and that ASEAN would be wise to study the wider aspects of regional trade financing instruments.

Anthony Rowley

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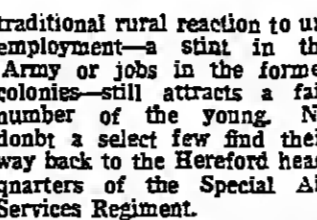
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**BY ANATOLE KALETSKY**

Lauffer's theory. There is no more plausible explanation for voting themselves a tax cut, unmatched by a reduction in public spending, Californians were practicing good old-fashioned Keynesian demand management. The limited supply of potential immigrants from other states available to join the labour force, and with a fixed exchange rate against the rest of the U.S., California was ideally placed in 1978 to benefit from a fiscal stimulus. The question is whether Keynes or Lauffer, which may explain why the Lauffer Curve is treated with as much derision by Chicago monetarists as by Washington and Sacramento bureaucrats. And why, as unemployment slips during the sliding slump, Professor Lauffer's redundancy prescriptions, however dubious their theories' foundation, may take on the power of an idea whose time has come.

BY LORNE BARLING



Hereford had a major ammunition factory during the war, no doubt for similar geographic

-The kind of people we are attracting here are likely to be as concerned about their way of life as anything else," Mr. Henshaw says. "I don't mean they are fanatics, but the type of person involved in electronics

industry is low costs. New factory space is available at £1.50 to £2 a sq ft, and good refurbished space at around £1. There is also plenty of space with more than half of the 300-acre site of the former



The biggest recent event in the city was the opening of the Midlands Electricity Board's new combined heat and power station, which provides steam at comparatively low cost for

Although this is unlikely to mean radical changes, because the Liberals were already the dominant party in the Council, local Conservatives cannot be too complacent about the safety of their MPs.

## ENTERTAINMENT GUIDE

2.30-Ballacorey  
3.00-Double Florin  
3.30-Tarvie  
4.00-Wilton Beacon<sup>o</sup>  
4.30-Mekayla  
5.00-Salthouse  
**THIRSK**  
2.45-Cider Man  
3.15-Wallawalla\*\*  
3.45-Miss Neunstrie\*\*\*  
4.15-Markie

## BY DOMINIC WIGAN

noteworthy victories, before driving north to Hamilton's evening meeting. I am hopeful that Wallawalla will return him to the winner's enclosure after the Yorkshire course's Gordon Foster Stakes.

Guy Reed's Amber Rama filly, a half-sister to a number of winners including Warpath and

**BBC 1**

† Indicates programme  
in black and white

10.40-7.55 am Open University  
Ultra high frequency on 1.

10.40-12.50 pm Cricket: One-day  
Test—England vs India.  
1.30 pm Camberwell  
v. 1st XI Cricket: One-day Test  
(uncommented). 3.53 Regional News  
England (except London).

5 Play School (as BBC3 11.00  
a.m.). 4.20 Baggy Pants and the  
Twits. 4.40 The Red Hand  
Glove. 5.10 in the Limelight with  
Lyle. 5.35 The Wombles.

6.40 News.

6.55 Nationwide (London and  
South East only).

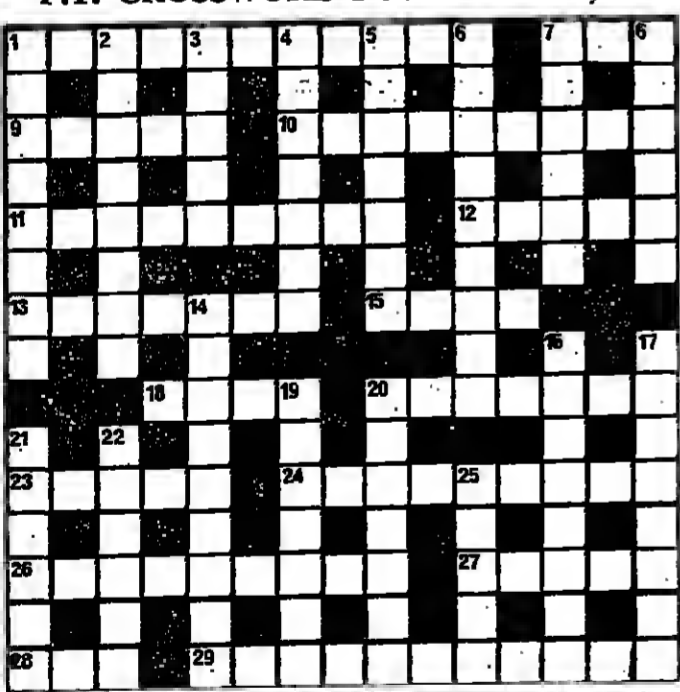
9.15 Ross (London and South  
East only).

10.45 Regional. National News.  
10.50 The Late Film: "Here We  
Go Round The Mulberry  
Bush," starring Judy  
Geeson.

All Regions as BBC1 except as  
follows:—

Cymru/Wales—1.30-1.45 pm  
Bys: A Bawl. 4.40-4.45 Crystal  
Tips and Astro. 4.45-5.10  
Babel Bach. 5.55-6.20 Wales  
Today. 7.00 Heddiw. 7.20-7.50  
Plant y Peth. 9.25 Elstieddoff  
Yr Urd. 9.55 Week in Week  
out. 10.45 Regional, National  
News. 10.50 Starsky and Hutch.

## F.T. CROSSWORD PUZZLE No. 4,284



**BBC 2**

6.40-7.55 am Open University.  
11.00 Play School.  
4.00 pm Cricket: England v West Indies.  
6.55 The Collier's Crusade.  
7.25 Mid-Evening News.  
7.35 Gardener's World.  
8.00 Robbie.  
8.30 The Royal Academy Summer Exhibition.  
9.00 Sing Country.  
9.40 Playhouse.  
10.55 Newswight.  
11.30 Cricket: England v West Indies (highlights).  
+12.00 The Outer Limits.

**LONDON**  
Top Times

A Big Country. 11.00 Last of the  
Stone Age Men. 11.05 Story Hour.  
11.15 The Bubblebs. 12.00 Song-  
book. 12.10 pm Once Upon a  
Time. 12.30 The Special Child.  
1.00 News, plus FT Index. 1.20  
Thames News. 1.30 For Maddy  
and Me. 1.40 After Noon.  
1.50 Plus. 2.45 Friday Matinee:  
"Things In Their Season." 4.15  
Warzel Gummidge. 4.45 Magpie.  
5.15 Emmerdale Farm.  
5.45 News.  
6.00 Thames News.  
6.30 Look's Familiar.  
7.00 Winner Takes All.  
7.20 The Odd Job.  
8.00 Hawaii Five-O.  
9.00 Turtle's Progress.  
10.00 News.

**RADIO 1**

(S) Stereophonic broadcast  
Medium wave  
5.00 am As Radio 2. 7.00 Dave Lee  
Travis. 9.00 Simon Bates. 11.31 Paul  
Burnard. 2.00 pm Andy Peebles. 4.31  
Kid Jensen. 5.30 Newbeat. 5.45  
Roundtable. 7.30 Anne Nightingale.  
8.50 Newbeat. 10.00 The Friday Rock  
Show (S). 12.00-5.00 am As Radio 2.

**RADIO 2**  
5.00 am New

Moore (S). 7.32 Terry Wogan (S).  
10.03 Jimmy Young (S). 12.03 pm  
Ovid Hamilton (S). 2.03 Ed Stewart's  
Request Show (S). 4.03 Much More  
Music (2). 5.00 News. 5.05 Weggona's  
Walk. 5.20 Much More Music (S).  
6.03 John Dunn (2). 8.02 Alty Pally  
Popa (S). 9.55 Sports Desk. 10.02  
Merks in his Diary. 10.30 The Organist  
Entertains. 11.02 Brian Matthew with  
Round Midnight. 2.02-5.00 am You  
and the Night and the Music (S).

**RADIO 3**

6.55 am Weather. 7.00 News. 7.05  
Overture (S). 8.00 News. 8.05 Morning  
Concert (S). 8.00 News. 8.05 This  
Week's Composer: Nielsen (S). 8.50  
BBC Northern Ireland Orchestra (S).  
10.40 Cricket: England v West Indies.  
7.30 pm Planctus, Lsi and Sequences  
(S). 8.55 Blue and Black (story). 8.16  
Tchaikovsky (S). 10.00 Music in our  
Time (S). 11.00 News. 11.05-11.15  
Cineadown: Music by Giso (S).

VHF—with Medi  
cines—5.00-7.00

**RADIO 4**

6.00 am News Briefing, 8.10 Farming  
7.00-7.25 Breakfast, 7.50-8.00  
Today, Including 8.45 Prayer for the  
Day, 9.00, 8.00 Today's News; 7.30,  
7.30, 7.30 Headlines; 7.45 Thought for  
the Day; 8.45 The Best of Plays; 9.55  
The Cornhill Portrait; 10.00 News; 9.45  
Desert Island Discs; 9.45 Down the

Garden Path. 10.0  
Our Own Cottage

Services. 10.45 Story Time. 11.00 News.  
11.05 Dunkirk 1940. 11.50 Bird of the  
Week. 12.00 News. 12.02 pm You and  
Yours 12.27 My Music (S.) 12.55  
Weather; programme news. 1.00 The  
World at One. 1.40 The Archers. 1.55  
Shipping forecast. 2.00 News. 2.02 pm  
Woman's Hour. 2.50 News. 3.02  
Fathers and Sons by Turgenev (S).  
3.00 PM News magazine. 5.50 Shipping  
forecast. 5.55 Weather; programme news.

news. 6.00 News  
7.00 News 7.05 7

of the Week (S). 2.10 Profile of Dr. Edward de Bono. 3.30 Any Questions? 5.15 Letter from America. 6.30 Kaledidoscope. 9.30 News. 9.45 The Viewpoint Programme. 10.28 Late Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 12.10 The Week of the Royal Charter. 12.00 News.

**BBC Radio London**

5.00 am As Radio 2. 5.30 Rush Hour. 6.00-7.00 am News. 7.00-8.00 am Telethon Programme. 1.05 pm London Live. 4.30 London News Desk. 5.36 Lunch. Stop. Listen. 7.03 Skip Londoners. 8.00-6.00 am John Radio 2.

**London Broadcasting**

5.00-6.00 am News. 6.00-7.00 am Ours Party. 8.00 pm Brian Hayes. 12.00 LSC Reports. 8.00 pm After Eight. 8.00 Nightline. 12.00 LSC Reports Midnight. 1.00 am Night Extra. 5.00 Morning

**Capital Radi**

6.00 am Graham Dene's Breakfast Show (\$) 8.00 Michael Aepal (\$) 12.00 Dave Cash (\$) 1.00 pm London Today First Report (\$) 1.10 Dave Cash (continued) 3.00 Roger Scott (\$) 7.00 London Today (\$) 7.30 Party Pieces (\$) 7.45 Adrian Love's Open Line (\$) 8.00 Nicky Horne's "Mummy's Weekly" (\$) 11.00 Mike Allen's Late Show (\$) 2.00 am Night Flight (\$)

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May 26 8.30 pm. Other evs. 7.30.  
June 3-21 STEPS, NOTES & SQUARES  
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THE ARTS

Cinema/Cannes

People before politics by NIGEL ANDREWS

Those visiting the grassy area may deposit their bunch of flowers and bow their heads in two minutes' silence. The headstones read: "In memory of political cinema, May, 1968 to May, 1980."

Kurosawa and Bob Fosse shared the Golden Palm this year for Best Film, but it was quite another phenomenon that took the eye at Cannes in 1980. No one could have expected a film festival stoked with new films from Godard, Resnais, Losey, Bresson and others not to have sent up a few militant red flares into the sky, hacked by the martial strains of the Internationale. But if Cannes 1980 proved anything, it was that the tub-thumping Marxism of European cinema in the late '60s and most of the '70s has well and truly retreated, and film-makers have started once again to take an interest in people rather than politics, in individual problems rather than collective panaceas.

There was even a transfigured hint of soap-opera that derided bastion of TV humanism, in film like Alain Resnais's *Moulin d'Amérique* and Maurice Pialat's *Loulou*, two of the best in the competition. Each offers us a serpentine saga of human relationships and crises—slamming in and out of love, pregnancy, job-hunting, illness—and yet lifts it above the platitudinous by a tart originality of treatment.

Resnais intertwines the tales of three French characters from different backgrounds—a young actress, a peasant who makes good, a bourgeois businessman—and shows how upbringing, conditioning and social reflexes mould their behaviour at every crisis point in their lives. It's like a laboratory experiment with human beings, and Resnais actually based his movie on the teachings of biologist Henri Laborit, who comments and appears during the film.

It is easy to be taken aback by the rapid-fire didacticism that sometimes results: especially when Resnais cross-cuts Laborit's experiments with rats in a cage with scenes of Gerard Depardieu. (the peasant) or Roger-Pierre Gassman (the businessman) coping with the rat-race of careerism. (To italicise the point he even gives them rats' heads in one scene.) But Resnais quickly converts the sceptic. For one thing the surreal intercutting is as witty and provoking as you would expect from the time-chopping director of *Last Year in Marienbad*. For another, far from using social and biological determinism to attack the notion of human free will per se, Resnais's point is that we should have that freedom on knowledge rather than hopeful ignorance, by learning just where and how our own psyches fight to limit our options.

Pialat's *Loulou* injects

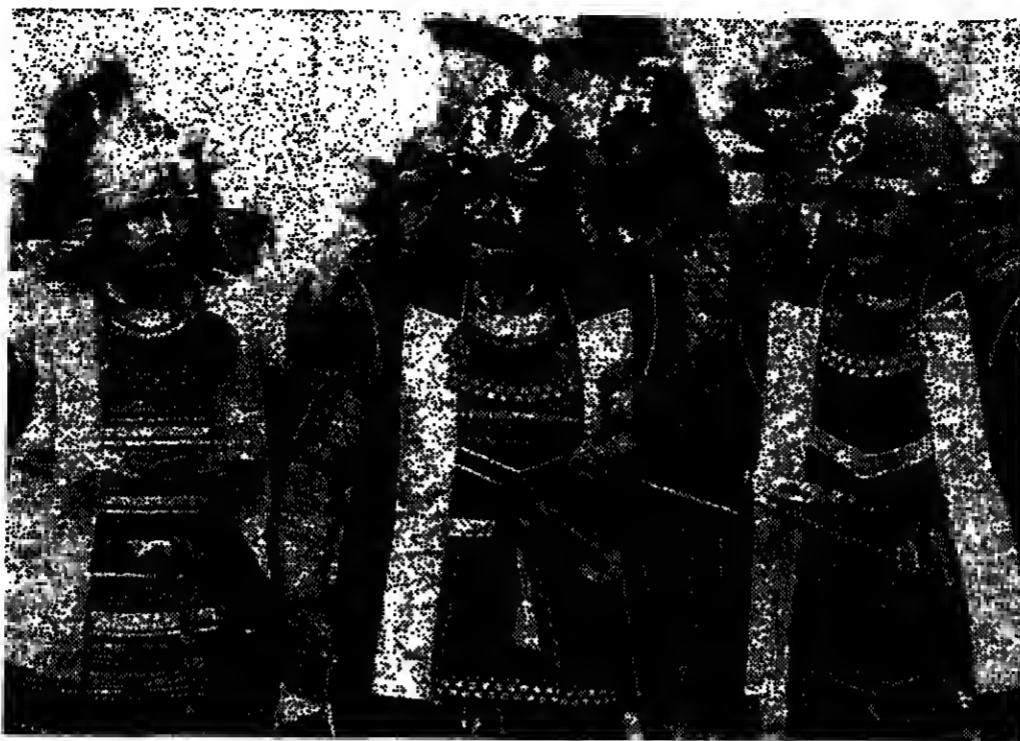
strength and novelty into the young flux of his story—a young girl (Isabelle Huppert) to's and fro's between two men, one her older three-year lover, the other (Depardieu again) a macho, bar-haunting layabout—by, unlike Resnais, offering no mental or moral gloss on the emotionalism. *Loulou* has the neutral immediacy of a news reel. It's a dispatch from the front-line of the sex war, in which the last words are "Je comprends rien" and in which behavioural ties are writ fierce and large across a winding, vivid, Stygian backcloth of Paris life. It's a riveting picture of three human castaways, buffeted bither and thither by the uncharted currents of their own feelings.

Three other Cannes directors who cored their work for once of any overtly political centre were Godard, Bellochio and Miral Sen. Bellochio has moved from the revolutionary rallying cries of earlier work like *In the Name of the Father* to the more humanist, if no less quirky and agitated, *Leap Into The Dark*. Michel Piccoli and Anouk Aime play a middle-aged brother and sister living in a sparsely furnished apartment. Into their lives one day jumps a Dionysian young actor (Michele Placido), who spirits Anouk out of her chaste resignation and into love and drives the jealous Piccoli into a despair that's part-paranoid, part-incestuous.

By turns the movie seems like a modern-dress *Bacchae*—with Piccoli as Pentheus, fulminating against liberty in an apron—and a tragicomic renovation of Bellochio's debut portrait of a family dementia, *Fête in the Pocket*. Either way it is a gem, flawlessly acted and with the dotty, scherzo-like rhythm that is uniquely Bellochio's.

Miral Sen's *Quiet Flows the Day, from India*, is a feminist fable-in-miniature about a middle-class family, living in bedraggled gentility in a peeling Calcutta tenement. Emotional havoc is wrought one night when their oldest daughter and only breadwinner fails to return home. Has she been kidnapped? Murdered? Has she eloped? Sen watches the fears and feelings flicker across his characters' faces, and shows how puritanical tut-tutting and fear of penury mesh in an insidious clash of values. It's a slow, austere but compelling film.

Praise be that Jean-Luc Godard, who has spent the last 12 years shining a pocket torch down the cul-de-sacs of Maoist politics and TV visual experimentation, has returned to the high road of feature film-making and even deigned to grace the Cannes Competition, which he helped to close during his *Week-ends de Mai '63*. Praise be for that but not,



A scene from Kurosawa's 'Kagemusha'

alas, for the film itself. *Slow Motion* is a cryptic, hlotchy movie whose star cast—including Nathalie Baye and the mood through the familiar Godard *milieu* of prostitution, café colloquies, car rides and talk, talk, talk, without ever engaging with a discernible subject or with us. Let's hope Godard's next attempt to woo the Great Public is more ingratiating.

As film-makers on all sides at Cannes this year shunned the political arena, it was a perfect year for the Old Maestros to come trooping back and present their newest wares, heedless of whether or not they were ideologically *à la mode*.

Kurosawa's *Kagemusha* (*The Double*), co-winner of the Golden Palm, is the first film the Japanese director has made in his native country for ten years. Not for lack of ideas but for lack of finance. In these penurious days for Japanese cinema, it took Francis Coppola and George Lucas, no less, to secure backing for Kurosawa's \$36m costume epic by arranging a worldwide distribution deal with Fox.

Well, here's the film and it's magnificent. Any fears of hardening artistic arteries in Japan's 70-year-old myth-maker are banished by the wondrous pictures that follow each other here like a magio-lantern glimpse into history. Shafts of dawn sunlight radiate like windmill sails through the flickering silhouettes of soldiers marching to war; a warrior group on a hillside bristle with spears like a startled porcupine;

wounded horses and men roll in a slow-motion death-dance across a reeking battlefield.

Kurosawa doesn't engage the simple emotions as readily as some directors—this Machiavellian tale of a dying clan-leader's "double," picked to take his place after death, is typically aloof and labyrinthine—but he beguiles the mind and senses as richly as any.

Even including Federico Fellini, Fellini's work becomes ever more like a runaway circus caravan, that gathers extra weight and bric-a-brac as it snowballs along. City of Women presents us with a paper-thin fable labouring under a gigantic superstructure of Fellini film-flammy. The movie loses a bewildered-looking Marcello Mastroianni into the wild and wicked world of Women: with first a visit to a bizarre Art Deco hotel where rampant Feminists storm and stomp, then a night in the lavish villa of an ageing Don Juan (Ettore Manni), who has filled his walls with erotic momentos and his saloons and corridors with the party-babble of beautiful women.

The film goes on and on and on, until you're half-deaf with dubbed Italian fortresses before half-blind with Fellini's try-anything visual fireworks. (We even have a trip down a fantasy heister-sketter followed by an ascent in a balloon shaped like a giant nude.) What's more, it happened to that poet's magic that gave *Roma* and *Amarcord*—for all their free flow of visual splendour—an inner harmony, a sense of shadows and mystery, that are totally missing here?

ICA/Soho Poly

Lunchtime theatre

by MICHAEL COVENEY

Two very different aspects of lunchtime theatre were on view in London this week: the job done at the basement of fringe activity in encouraging new groups, and the mundane chore of keeping a respectable venue, the Soho Poly, ticking over with work less than good but more than promising. The new group at the ICA is Beryl and the Perils, an enormously energetic feminist co-operative using cartoon techniques to hang home a message that is normally the preserve of high-minded and down-in-the-mouth companies.

Although Beryl and her chums are allegedly in space, *Wet's Cooking* is the familiar mélange of feminist and femininity, with its sideswipes at women's domestic role, maternal functions and ideals of beauty. Four girls in plastic jumpsuits squeeze spots, don derisive wedding trus and, somewhat spuriously, portray gynaecological treatment in hospitals as

another symptom of male chauvinistic sexuality. I just do not understand the feminist loathing of social and bodily functions most unliberated women accept and even enjoy. The weakness in partial views of liberation is that they are politically naïve and inevitably smug. If men control the despised professions in surely women are lucky to be out of the rat-race and free to contribute in others ways. Only actresses on Arts Council grants can afford the luxury of holding their fellow women in contempt.

That said, Beryl and the Perils are an invigorating new force and deserve better material and the attentions of a director who will force them to think their material through and not sit back playing to friends and converts in perpetuity. Their singing is marvelous and they have a freshness and spontaneity woefully lacking on the fringe in general.

Spontaneity is not the word that springs to mind in considering Timberlake Wertenhaker's *Case to Answer* at the Soho Poly. At a length of one hour, Jane Aukin's production is 20 minutes too long, lacking in dramatic surprise and curiously predictable. Again, Miss Wertenhaker's play is a feminist tract, but one that at least places the value of personal doubt above that of a rigidly theoretical view of the world. That, in fact, is the central tension between Sean Barrett and Fiona Walker, who play—very well—a Marxist intellectual with his head in his Gramsci and a frustrated architect who, after five years of marriage, has decided to take action against a sustained but unwittingly inflicted term of sexual imperialism. The writing combines felicitousness and contrived argument in about equal proportions and the whole is contained within the strategy convention of a murder attempt.

Theatre Royal, Bath

Il barbiere di Siviglia

by MAX LOPPERT

For its opera presentation the Bath Festival again turned to the Royal Northern College of Music, this time for the production of Paisiello's *Barbiere*—the "other" earlier Barber—reviewed in these pages by Elizabeth Forbes after the Manchester premiere last December. In festival terms, the venture was justified as an interesting historical exercise, perhaps less so as a fully rounded performance—while the College is one of the most advanced of our opera schools, the proper stylistic guidance, of the kind greatly desirable in steering students through the trap-betwined field of 18th century operatic comedy, was felt to be intermittently lacking.

A brilliantly ingenious revolve set had been designed by John Pascoe; but the young cast were made to work rather hard in mastering its twists and turns, and this, in conjunction with the primping, smirking turns which the producer, Malcolm Fraser had invited his players to essay, left a slight feeling of

inexactly applied energy. The opera was given in the original Italian; as the story is widely familiar this was perhaps less deleterious than in most operatic comedies, but it can hardly be claimed that the delivery was either polished or idiomatic.

There must be a good deal of resilient and attractive essential substance in the opera, because despite the above qualifications, Monday's performance afforded an enjoyable evening—one quite soon stopped hankering after the greater instrumental brilliance, the pithier melodic verve, of Rossini, and began to attend with increasing pleasure to Paisiello's own small but definite musical invention. The arias in semi-serious vein, notably Rosina's *E-flat caratina* at the close of the first act, are both elegant and poignant in expression—people who know only the busy chatter of *La serva padrona* might be surprised at this side of Paisiello's talent. It was in

the slower passages of the opera, when the need to hold his singers together was less pressing, that the student orchestra under David Jordan showed its best quality. A word, too, for the pretty, sweet-toned Rosina of Alison Barlow; the voice still wants smoothing and evening out along its range, but the promise is real.

Arts Council drama advisory panel

The Arts Council has appointed a new chairman and six new members of its dance advisory panel. Noël Goodwin, the writer and broadcaster and member of the council, has been chairman.

The new members are John Chapman, David Dougill, Gale Zow, Linda Robinson, Antoinette Sibley, and Anthony Van Laast.

Continuing to serve on the panel are John Drummond, Margaret Dunn, Stuart Hopps, Jan Murray and Annette Page.

Cinema/London

White sunset, red dawn

A Slave of Love (A) Gate 2  
King of the Gypsies (AA) Plaza 3  
The Wanderers (X)  
ABC 1 Shaftesbury Avenue  
Hide in Plain Sight (A) Ritz

Some "new dawns" are better forgotten than remembered. Let alone regularly celebrated. The Russian Revolution, you might think, is one such: a moment of historical spasm when an entire nation was tossed out of the Tsarist frying-pan into the Communist fire, where they are sizzling unhappily to this day.

Nikita Mikhalkov's *A Slave of Love* is one of those teasers for a critic: a delightful movie with a detestable message. Here you may see in honeyed, balcyon colours the last twilights of Tsarist "dilettantism" as we watch a movie cast and crew sweating out an Indian summer in the Crimea during fateful 1917. Olga, the beautiful star (Elena Solovoy), wants only to hotfoot it to Paris once the film is wrapped, as the news of the Revolution filters ominously south. But cameraman Potosky (Rudolf Nakshapetov) is busy both courting and politicising her. Will the secret footage he has shot on stolen stock depicting White Guard barbarities be enough to rally her to the Bolshevik cause?

Heigh-ho, the summer-pretty photography, quicksilver editing and winning comic ways lead us down a honeysuckle path toward the Hammer and Sickle. In fairness Mikhalkov and his scriptwriters, Friedrich Gorenstein and Andrei Mikhalkov-Konchalovsky, have bent over backwards, or at least sideways, to sketch these Tsarist relics as movie-making humanity with sympathy: "Children forgotten in the nursery while the house is on fire," someone says. And there's a neatly played-up parallel between the semaphored absurdities of popular silent cinema, with their moustachioed villains and peevish dandies-in-distress and the illustrious lives of characters hoping that the pre-Bolshevik summer will never end.

But has 60 years of Soviet Communism, in the foul reality rather than the fair promise,

taught Russian movie-makers nothing? Doubtless it has, but the Party puts a discreet gag on any attempt to disseminate such lessons. *Slave of Love* is a clever film, with colour, irony, wit and a Chekhovian sense of bitter-sweet hopes. It has at least the virtue of showing that Russia can put together a watchable movie when it wants. (As opposed to only when it doesn't want, as with Tarkovsky and Paradjanov.) But it's a brittle, thin-ice charm the film boasts. If you skate with sharp blades too near the centre, the structure can collapse and plunge you in the icy disenchanting waters of historical reality.

Glory ha, what's this? Shelley Winters as a Gypsy mama? All in brown-face and humping her husband Sterling Hayden from a fresco in a Romany encampment? And who's that as her pndgy-pretty, smouldering granddaughter? Isn't it Brooke (Pretty Baby) Shields?

In *King of the Gypsies* the irresistible force of Hollywood plagiarism meets the immovable object of a miscast cast and a script firing on a few or no cylinders. Shamelessly ripping off *The Godfather*, this tortuous tale of patriarchal clans and bloody vendettas flounders across America from state to state, imbroglie to imbroglie as dying Gypsy "king" Hayden tries to steady his tribe and prepare for the succession. The reluctant heir is his grandson (Eric Roberts), a handsome, street-wise youth anxiously trying to de-gypsyise himself and adjust to life in the 1980s. But he reckons without Grandpa's growing persuasiveness, cursing the hospital drip-feed as he blesses and belabours his grandson; or mother Susan Sarandon, trying to hold the family together while cutting a demented caper with her Gypsy accent.

Writer-director Frank Pierson, last heard of policing Barbara Streisand and a cast of hundreds through *A Star is Born*, is up against it again here. The plot lacks focus, the dialogue lacks conviction and the hero lacks magnetism. Travelling, one hears, was originally wooded for the role and might have given the movie a centrifugal magic. As it is, almost the only unifying motif in this narrative sprawl is the



Elena Solovoy in 'A Slave of Love'

Gypsy fiddler who pops up ever and anon to bow his way across the skyline, like Stephan Grapelli's silhouette drawn by Lotte Reiniger. Elsewhere, a turgid havoc reigns and plausibility is butchered to make a Romany holiday.

*The Wanderers*, set in 1963 New York gang-land, is scarcely less shaky and shell-shocked a panorama of American life. But at least director Philip Kaufman, who made *Invasion of the Body Snatchers*, has picked up one or two scenes by the scruff of their necks and woken them into sudden, brilliant sense. Just when the film starts drifting into the inanely formulaic—a cross between *The Warriors* and *American Graffiti*, with corps de ballet gang-warfare jostling with loose and honey ignitantes of teenage life—Kaufman spirits up a streamliner, a turgid havoc reigns and plausibility is butchered to make a Romany holiday.

Mostly, however, we're stuck with the Baldies and the Wanderers. By their hair ye shall know them. The first don't have any; the second wear theirs quiffed and duck-tailed and thick with grease. As the two gangs stomp and strect through the Bronx streets, sparring whenever their paths cross, the soundtrack croons with the inevitable medley of period pop songs and Male Chauvinism

walks tall in the pre-Women's Lib dawn. (Indeed the only girl not kept firmly off the streets is the Chief Baldie's *amour*, a pint-sized moll who squawks heavy-duty obscenities and looks her lover squarely in the navel).

This is film-making by numbers: coloured in with little bits of yesterday's movie chart-makers—here a dab of no. 1, there a patch of no. 3—and building up a piebald collage of celluloid borrowings. With, as intimated above, just a scene or two to suggest that Philip Kaufman can, when he wants, create his own wizardry rather than relying on that of others.

It really is a week for May-We-Borrow-Your-Movie-Ideas. *Hide in Plain Sight* was for aught I know fortified before, or simultaneously with, *Kramer Vs. Kramer*. But it certainly walks and talks like that movie, as if cloned from the cash-register-tinkling triumph of that paean to father-child devotion.

James Caan replaces Dustin Hoffman as the distraught paterfamilias, bere striving to retrieve his two children who have vanished with their re-married mother (Inga) into the belly of America. Caan's ex-wife's new husband, you must understand, is a hoodlum who turned state's evidence against his Mafia contacts and has been put on a "Witness Relocation Programme". I.e. given the protection of a new job and new identity in a place that the police will not reveal.

Caan not only plays the questing father, sleuthing through Albuquerque to Ann Arbor, but also directed the film. It seesaws between bright ideas and tumbled indistinction. Caan's acting manner, that dithering naturalism with a grin like a nervous tic, rubs off too often on the filming style: a grainy, ingratiating *perismo* without shape and tightness. But one or two scenes suggest he has profitably set at the feet of masters—notably Hitchcock in a wonderful *dispendio* track-back from a quarrel on a sidewalk—and suddenly in these the tension gells, the tale's genuine offbeat fascination (it's based on a true event) casts its spell.

NIGEL ANDREWS

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Friday May 30 1980

## Crowding out new issues

THE GROWING evidence of an acute squeeze on corporate profits, and a consequent sharp fall in industrial investment, is in principle no surprise to the Government. The strategy of relying on monetary restraint to check inflation always implied this result if, as happened in the event, industry proved unable to constrain its own costs within the permitted monetary growth. Indeed, it is the pressure on profits which is likely to force industry to face the challenge on costs if it is to survive. This is not a safe or comfortable approach, but the policy is clearly binding.

## Unintended

However, sheer persistence is only one of the necessary ingredients in successful economic management, and recent evidence from industrial surveys and forecasts suggests that the Government's policy could prove destructively harsh. This is partly, indeed quite largely due, to mistakes the Government itself has made. Income tax cuts financed through higher indirect taxes and public sector charges have helped to increase cost pressures, and the explosive rise in public sector pay has cost further damage. The inflation rate, and, therefore, interest rates, are far higher than the Government can have imagined when it embarked on its present strategy, and as a paradoxical result, sterling has appreciated strongly. The pressures of foreign competition and the high cost of credit have caught manufacturing industry in a ferocious squeeze.

The Government must therefore ask itself how it can contrive some easing of these pressures without abandoning its central policy—for if monetary policy itself were relaxed to accommodate the follies of the past eighteen months, its influence for the future would largely be destroyed.

While spending cuts and public pay restraint will help, it will be many months before these will offer any perceptible relief. For the short term, the question becomes a technical one of the means by which monetary control is being imposed. There is now widespread criticism in the City of two aspects of official monetary tactics: excessive caution over interest rates, and the continued crowding out of the London capital markets by the Government's own debt issues.

The two problems are inextricably related. The official reason for caution about short-term

interest rates is the high level of bank lending to the private sector. Equally, it is to offset this lending that the Government has been funding well in excess of its own borrowing requirement, to the point where it has repaid virtually all official bank debt and is feeding the proceeds of funding back to the banks to finance private lending.

Arguments about cause and effect in the financial markets tend to be insoluble. The authorities see themselves as funding to offset private borrowing; their critics argue that the level of bank borrowing is the result of financial pressure by the authorities. It is for this reason that policy is directed to net rather than gross measures—the growth of the total sterling money supply and of domestic credit. On these tests monetary discipline is now fully effective.

There should be scope, then, for some effort to reduce the pressures. Two approaches are often urged: to reduce short-term rates directly, easing the pressure on the exchange rate and the cost of overdrafts; or to reduce funding pressure, allowing longer-term rates to find a lower level, in an effort to reopen long-term capital markets to industrial borrowers.

## Revival

We have little doubt that the most urgent priority is to reduce crowding out in the capital markets. Credit is now tightly enough restrained to permit an experiment, at least, in not counting private borrowing before it is hatched. In any case, a monetary policy designed to prevent the distressing recession which marks the onset of recession is unnecessary and destructive. Long-term issues should be allowed to be avoided—especially since the fiscal problem is essentially transitional, covering the period while oil revenues build up. Issues, such as the most recent tap stock, aimed at non-institutional buyers, would also help. The nationalised industries should be allowed the commercial freedom to devise new types of security which might reduce pressure in the fixed-interest market, and corporate borrowers should also be allowed freedom to innovate. In the crowding out of the London capital markets by the Government's own debt issues.

The two problems are inextricably related. The official reason for caution about short-term

## South Africa's cauldron gets up steam

BY QUENTIN PEEL, Johannesburg Correspondent

"WE REALLY owe the Government a debt of gratitude," the young Coloured graduate said. "They have given us a solidarity which we have never had before. There is an upsurge of self-confidence throughout the community which involves everyone: school children, parents, teachers and workers."

The events of the past few weeks in South Africa give one an oppressive feeling of the bloody events of Soweto in June 1976 seem to be happening again. Tens of thousands of school children, Coloured, black and Asian, are refusing to attend their classes. Belatedly, the authorities admit that there may have been some short-comings. The protest inexorably builds up from education issues into the whole question of political rights. There are sporadic clashes between children and riot police. Government spokesmen insist that everything is under control, no need to panic. Then two children are shot dead by police, supposedly in self-defence.

Mr. Louis Le Grange, the debarrier Minister of Police, declared at the beginning of this week that "apart from attempts to stage boycotts, and boycotting as such, and looting in some areas, the general situation in South Africa can be described as normal." On the same day, two bishops and 51 fellow clergymen were arrested by riot police, and gaoled overnight, for marching through Johannesburg in protest against the detention of a fellow church leader—a known moderate and prominent parent in the city's Coloured (mixed race) community.

"We have always had crises, but I think we are very quickly reaching a crunch point," Bishop Desmond Tutu, General Secretary of the South African Council of Churches, said on his release. The Rev. Sam Buti, a leader of the Afrikaans section of the Dutch Reformed Church, spoke of a "volcanic situation."

Comparisons with the situation before the Soweto riots are inevitable. As they then did, the protests began in the schools and spread. The underlying issues are very much the same: inferior education, lack of facilities, bad teaching, racial discrimination, uncaring officialdom, police brutality, and the denial of a political voice to all but whites. The rhetoric is similar. As in 1976, parents seek to restrain their children, but complain they are not told what the youngsters are planning. The Government seems lost for any response other than repression: tear gas, batons, mass arrests.

Yet there are major differences between the Soweto and the latest round of protests. In the first place, the action has been noticeably less violent and more disciplined. The Government response has been far

more cautious and restrained. There has been considerable co-operation between Africans, Coloureds and Asians, and much wider support for the children from the older generations within their own communities. Moreover, the spreading school boycott has coincided with a wave of illegal strikes among rural and industrial workers.

The major underlying difference is that the latest revolt began in the Coloured community, not the African. South Africa's 2.7m so-called Coloureds—a description that is widely resented—are an extraordinary racial mixture of European, Malay, Hottentot and African descent, who have always been caught in the middle of a polarisation between black and white.

Granted special privileges by the ruling white minority—better housing, jobs, and a modicum (purely advisory) of political say-so—they have been generally rejected by the Africans.

Yet in spite of sharing the Afrikaans language and culture, they are excluded from any genuine access to white privilege.

The Government's obsession with ethnic classification, and its laws against mixed marriages and sex across the colour bar, are seen by the Coloured people as an insult to their own origin. Moreover, they have been more drastically affected than any group by the racial segregation of residential areas, which has

representation. It referred to a "considerable degree of bitterness." Only three months ago, the Cillie commission of inquiry into the Soweto riots reported that a large part of the community believed that "separate development is the greatest cause of discrimination," and that racial classification was degrading.

However, even in their demonstrations, the Coloured children have been more cautious, and more disciplined, than their African counterparts. "Thank goodness there has not been more action in Soweto," a teacher said. "The black children would have no scruples about burning down their schools, which then invites police retaliation." For the most part, the protest has been scrupulously non-violent.

The fact that it is dealing with the Coloured community is also a partial explanation for the Government's hesitancy. The ruling National Party has never quite known how to deal with the Coloured community, perhaps because they qualify in all but colour to be full members of the Afrikaner folk (people). Their exclusion therefore underlines the blatantly racial element of National Party policy. The Coloured people do not fit neatly into the separate development framework, yet their support is needed if the white man is to remain effectively in control of South Africa's destiny.

The present state within the Government about the future direction of South Africa—whether to pursue the apartheid line rigidly, or to try to apply it more flexibly, and allow some degree of consultation, or even negotiation, across the colour bar—has created further uncertainty about precisely how to deal with the unrest.

Mr. Le Grange himself admitted that his action in ordering widespread detentions of community leaders and political activists, was a "calculated risk"—hardly the sort of confident mood in which the police retook in Soweto. The uncertainty is in sharp contrast with the growing self-confidence of the black communities, where headmasters have flatly refused to expel their pupils, and parents' meetings in all the major centres have pledged support to their children.

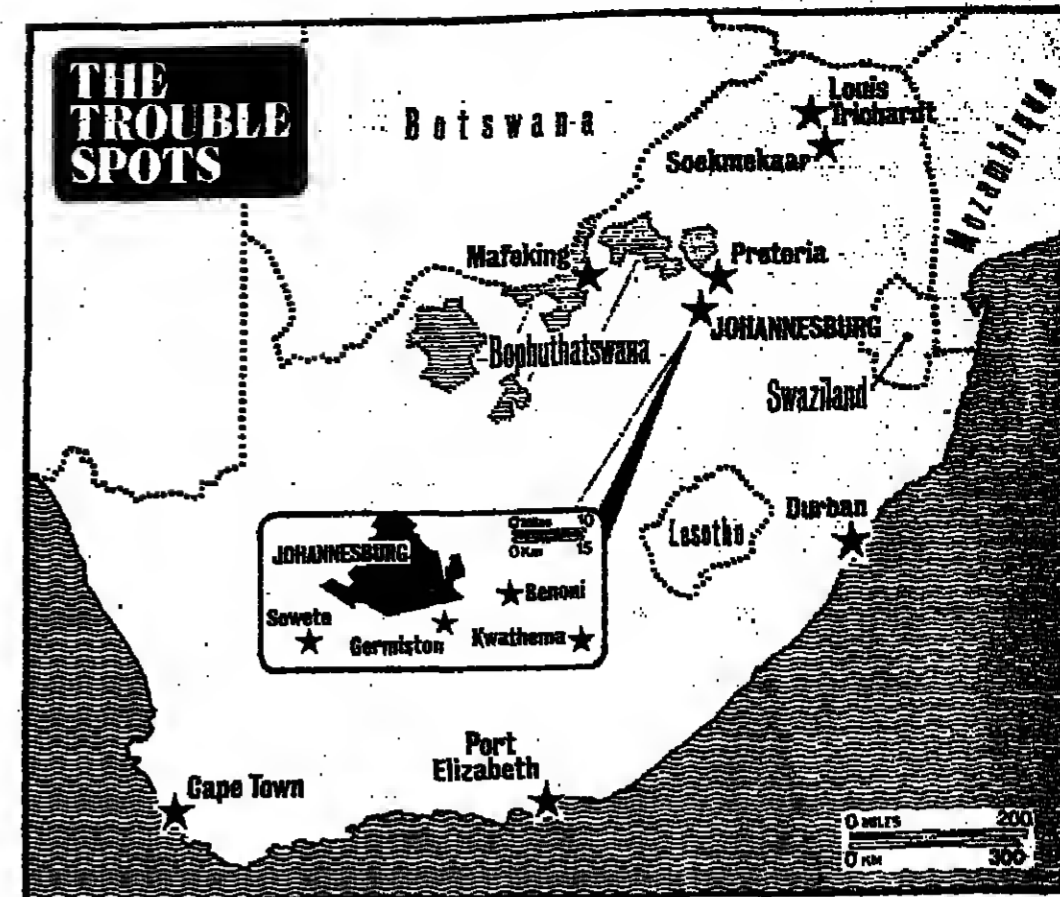
The protest has revealed a growing degree of co-operation, both between pupils and other groups, and between different ethnic groups. How firm it is, is more difficult to gauge. At the university level there has been similar action at African, Indian and Coloured institutions, resulting in the closure of both Fort Hare, the premier black university, and the (Indian) University of Durban-Westville. Black schools in Cape Town came out in sympathy with the Coloured boycott from

"We are quickly reaching a crunch point." Bishop Desmond Tutu

meant mass removals from inner city suburbs to far-flung Coloured townships.

In spite of such obvious discrimination, the Coloured community has been traditionally conservative and docile. In 1976, most of the disturbances occurred in black townships, except in the Cape, where Coloured youngsters took to the streets in sympathy. But there has undoubtedly been a growing alienation, especially among the younger generation of Coloureds. "We have waited to see if the Government would keep its promises, and give us a better share and a real political say. Now we realise they were just playing around with us," a local Coloured politician says.

The Government has been repeatedly warned of the growing alienation of the Coloured community. In 1976, the Theron commission concluded that the vast and effective majority of Coloured people were not satisfied with their political



## FOUR YEARS OF TROUBLE

JUNE 16, 1976-JUNE 1977: Riots in Soweto and black townships throughout South Africa. Boycotting of black schools. NOVEMBER 30, 1976: Two policemen injured in grenade attack, Eastern Transvaal. JANUARY 1, 1977: One killed in Soweto bomb explosion. JUNE 13, 1977: Two whites killed in Johannesburg shooting. SEPTEMBER 9, 1977: Black security police shot in Durban. SEPTEMBER 12, 1977: Death in detention of Steve Biko, Black Consciousness leader. Received demonstrations. SEPTEMBER 28, 1977: Two guerrillas captured near Mafeking. Large arms cache discovered. OCTOBER 19, 1977: Mass detentions of black leaders and banning of two newspapers and 18 black consciousness organisations. NOVEMBER 25, 1977: Bomb blast in Carlton shopping centre, Johannesburg. NOVEMBER 30, 1977: Bomb explosion on Pretoria train. DECEMBER 12, 1977: Germiston police station bombed. DECEMBER 14, 1977: Bomb at Benoni railway station. FEBRUARY 1978: Two police killed in clash near Swaziland border. MARCH 3, 1978: Bomber kills himself in Port Elizabeth.

MARCH 10, 1978: Woman killed in Port Elizabeth bomb blast. AUGUST 1, 1978: Police clash with guerrillas; arms cache discovered. OCTOBER 27, 1978: Two guerrillas killed in gun battle west of Lonla Trichardt. OCTOBER 30, 1978: Police sergeant wounded in gun battle west of Lonla Trichardt. DECEMBER 7, 1978: Bomb blast at urban Bantu council chambers, Soweto. DECEMBER 16, 1978: Bomb blast on Eastern Cape rail line. JANUARY 13, 1979: Guerrillas killed in gun battle with police near Botswana border. MAY 3, 1979: Policeman killed in guerrilla attack on Moroka Police Station, Soweto. MAY 15, 1979: Bomb explodes in Cape Town Supreme Court. NOVEMBER 2, 1979: Policeman killed in attack on Orlando Police Station, Soweto. JANUARY 4, 1980: Attack on Soekmekaar police station, Northern Transvaal. JANUARY 25, 1980: Two hostages die after summer occupy bank in Silverton, Pretoria. FEBRUARY 17, 1980: Attack on store near Mozambique border, Natal. MARCH 6, 1980: Major arms cache found in Kwathema township, Springs, including rocket launchers. APRIL 4, 1980: Attack on Booyens Police Station, Johannesburg. APRIL 1980: Coloured pupils' school boycott begins in Cape Town.

the start, as they have also in Port Elizabeth. So far, the Soweto schools have held back, in spite of considerable pressures to join in.

In the Cape, the schools boycott has coincided with an unusual degree of industrial unrest, not only against poor wages, but over more overtly political issues, such as trade union recognition. The latest protest action "There is a growing number of Soweto students who believe the only answer is to leave the country and undergo military training," according to Mr. Fanyana Maziuko, a leading black educationist. "They no longer see any point in peaceful demonstrations. That is just giving the police cannon fodder." Certainly it has generally been these areas not frequently involved in unrest which have joined in the latest movement, such as Bloemfontein and Durban.

There is growing concern in the business community, especially among foreign investors, about the resurgence of unrest. It is seen as a response both to the more conciliatory

tone adopted by Mr. P. W. Botha, the Prime Minister, which has raised expectations and to the victory of Mr. Robert Mugabe in Zimbabwe. As such it raises the prospect that the liberalisation wanted by the business community—if only to overcome such economic bottlenecks as the skilled labour shortage—will only arouse ever higher expectations.

That the disturbances have come at a time when the economy is starting to accelerate rapidly on the back of the gold boom is another indication that prosperity, not poverty, is likely to be the destabilising factor in South Africa. At least for the time being, the prospects of a good return on capital invested in South Africa are likely to outweigh any renewed nervousness in the investing community. Only yesterday did the stock market show any reaction to the unrest. But it will provide a major test for the ability of Mr. Botha, not only to hold his own party together, but also to win any measure of support from the other communities in the latest indications, he seems to be failing to keep up

## Talking to the Soviet Union

THE Soviet Union, in the view of most Western analysts, made a number of miscalculations when it invaded Afghanistan. One of them was that the volume of international protest would not be too great and would, in any case, soon die down. On the (false) analogies of Hungary in 1956 and Czechoslovakia in 1968 it thought that after the initial shock relations with the West would quickly get back to business as usual.

## Sanctions

On the first point, the Western assessment is probably right. The strength of the immediate reaction, not only in the West but in the Third World, may well have taken the Kremlin by surprise. Now, however, five months after the event, the Soviet leaders may well be beginning to think they were right in assuming that the hue and cry would dissipate fairly rapidly. The Olympic boycott has failed to reduce the Moscow games to a Communist Spartiad. American economic sanctions are unlikely to have a major impact. The Islamic world's attention is reverting to its more traditional preoccupations in the Middle East (Israel and the Palestinians) and the countries of South West Asia have not rushed into the embrace of the West—far from it.

The assumption that business would soon revert to its usual pattern has been fortified by a renewal of high-level contacts with the West. The most spectacular of these has been President Giscard d'Estaing's secretly prepared visit to Warsaw to meet President Brezhnev. But that followed talks in Vienna between Mr. Edmund Muskie, the new U.S. Secretary of State, and Mr. Andrei Gromyko, the Soviet Foreign Minister. Now, Chancellor Helmut Schmidt has officially confirmed plans to visit Moscow at the end of June.

It must be tempting for the Soviet leadership to conclude that the worst is now over. Not only have contacts resumed, but they have done so against a background of increasingly obvious divisions inside the Western Alliance. The differences have arisen not only on

specific issues like the Olympics and Iranian sanctions. They have also involved the wider question of how the Alliance should deal with the Soviet Union and Eastern Europe and to what extent they should consult before taking individual East-West initiatives. M. Giscard d'Estaing's ill-considered trip to Warsaw, which achieved only propaganda gains for Moscow, did more than anything else to highlight these divisions.

Moscow will be making a mistake, however, if it regards Herr Schmidt's visit as further evidence of Allied disarray. Unlike M. Giscard d'Estaing, Herr Schmidt has consulted fully with his Allies and has timed his visit to follow next month's seven-nation Western summit in Venice. It is to be hoped that the Venice talks will serve two purposes. Herr Schmidt will have the chance to listen to the latest views of his major Allies; they, in turn, should appreciate Herr Schmidt's need to defend West Germany's particular interests and his right to conduct an Ostpolitik.

## Arms control

Herr Schmidt will doubtless come under attack from the opposition in West Germany if he returns from Moscow with no concrete achievements. But there should be no question of the West trading moves towards an Afghan settlement against concessions in other areas such as arms control.

The main purpose of Herr Schmidt's trip should be twofold. In the first place, contacts, however frosty, can help to reduce the risk of mutual misunderstanding at a dangerous juncture. In the second, he will have the chance to demonstrate to the Soviet Union that Western solidarity is greater than they may think. In his own country, Herr Schmidt has been vigorously defending himself against accusations that he is appeasing the Soviet Union, allowing himself to be separated from the Allied decision to strengthen its nuclear firepower in Europe. It will be useful if he can convey the same message, in person, to Mr. Brezhnev.

## MEN AND MATTERS

## Merger uplift for Skyships

The uncertain fortunes of Thermo-Skyships, the publicly quoted company which aims to bring back the age of travel by dirigible, were given a modest lift yesterday afternoon by the purchase for around £1m of Airship Development.

Waited precariously into a Stock Exchange float on the dying breaths of 1979, Thermo is still three years away from the launch of its first passenger-carrying balloon. Its new acquisition, however, expects to have the first in a series of three vessels aloft next March.

These will be leased to the British, Japanese and Australian Governments. As floating watch-towers, they have obvious military uses, but Australia is particularly interested in using them for fish and food observation and relief. As Airship's managing director Andrew Miller tells me, a helicopter can hover for five hours at the most, while a reliable airship can keep station comfortably for a day and a half.

According to Thermo chairman, Malcolm Wren, the leasing deals (fingers crossed for

follow-up sales) mean the group will be earning revenue three years earlier than predicted when the parent was floated last December. But with development costs for Thermo's passenger airship running at £30m, the income is hardly likely to yield enough for dividends, and a financial commitment to keep its feet on the ground seems unlikely to jettison the remnants of its scepticism, at least until faithful long-time backer European Ferries takes up its options on (and first passengers in) Major Wren's inflated dream-boat.

## Old pals' party

Who do people think they are? I asked myself, finding the door to my winery locked in my face on a hot and a half before normal closing time last night. Pressing my out-of-joint nose to the smoked glass of the Balls Brothers establishment in St. Paul's Churchyard I haggled at the sight of forty-odd former Slater-Walker employees revealing in Riesling. It was an old-boy's reunion, I was told tersely. Exclusive. Yes, Dick Turling, late of Changi Jail was expected later. No, children's story-writer Jim Slater was not coming: "He doesn't approve."

## Mine's a half

Restrictions on drinks promotion have evidently left many distillers with large quantities of pent-up fighting spirit on their hands: one of the most aggressive pieces of marketing I have seen is a folder prepared by Seagrams for the edification of publicans in East Anglia. The hard sell is applied to a drink aimed specifically at young women.

The new tincture, declares the company, is large red letters, is "the single most important event in the UK wines and spirits market in the last decade." Landladies are treated to a gleeful ramble round the lush pastures of the youth market: 8m youngsters between 18

and 24 spend more time in pubs, in discos and at parties than any other age group. Ergo "8m of them are spending more money on drink than any other age group."

Focusing on the females, it is pointed out that girls in the target age-group consume 4,500m drinks every year, and are the most impressed by something new. Landladies are advised on methods of winning spendthrift young womenhood off boring old wine and vodka onto the new tipple, Crocodile, with its "expensively researched, sparkling contents."

The advertising campaign, starting next month, is purportedly the biggest alcoholic drink promotion ever mounted. It will expose 95 per cent of this age group to the commercials at least 31 times. Quite how all this fits in with the drinks industry's solemn, sober face when alcoholism among the young is discussed, I am not sure.

## Staying at No. 1

Hopes that possibly the most prestigious business address in the world — 1, Wall Street — might become vacant have been dashed by news that its occupant, the Irving Trust Bank, intends to hang on to it. Irving Trust was known to have outgrown the building and to be planning a new corporate headquarters. But it has now announced that it will keep 1, Wall Street as its executive base.

The building stands on the corner with Lower Broadway, a tall grey stone structure whose somewhat austere appearance belies a fine 1920s interior. Quite what it would fetch if it were sold is anybody's guess. It is assessed for tax purposes at \$36m. If two or three parties were bidding for it, it could, according to New York real estate agents, fetch twice that. Despite its address, however, it is no longer quite at the heart of the action. There has been a distinct abatement in the great business institutions towards mid-town Manhattan. "It's only

really Morgan and Chase who are still on Wall Street," observed one agent.

## Pauper's burial

While it is always exciting when a company goes bust with an almighty bang, allow me a few lines to record the lowly demise of a firm which was laid to rest this week with the quietest whimper in my experience.

I have before me the death certificate of Richmond Fine Arts and Ceramics, signed by the official receiver, which includes a bill for the Treasury to cover the cost of the last rites.

These cost him a grand total of £83; half disbursed to auditor, valuer, other attendants at the funeral and publishers of the official obituary, with the other half shared among the company's 87 creditors. Cash in hand: £1. Net cost to the taxpayer: £82.

## Thieves' rights

A curious proposal for beating inflation in Turkey has been suggested by Fehim Adak, a former minister of trade and MP for the pro-Islamic National Salvation Party.

Speaking at a seminar organised by the Association for Protecting the Rights of All Civil Servants, Adak is quoted as saying that taxes make production more expensive, and the burden is carried by low income groups. "Theft under these conditions is legitimate," feels the ex-minister, "on condition that it is moderate."

## Dish-appointment

Girl overheard, in City wine-bar: "Honestly, Angela, it's no fun at all being married. You make the bed and do the washing-up, and a fortnight later you have to do it all over again."

Observer

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Financial Times Friday May 30 1980

DEFENCE TECHNOLOGY

BY DAVID FISHLOCK

# When the dark is light enough to sense an enemy

IT COSTS £340 to fire a smoke shell from the Army's new gun, the Anglo-German-Italian SP70, according to the Ministry of Defence. The price reflects the sophistication and speed with which the Army needs to be able to cover its tracks with dense smoke. This in turn reflects the efficiency with which the latest aids to man's vision can penetrate smoke, for or night conditions.

On Portsmouth Hill above Portsmouth, a big infra-red camera, developed by defence scientists, peers seawards at distant ships in the Solent. The scene is displayed on a TV screen. Not only can the viewer see the vessels clearly at night, when shrouded in smoke or fog, by the heat they reflect, he can view things one would not normally see even in daylight, such as how full fuel tanks are and how much ammunition is left.

The complex military systems and man-machine relationships which have been explored in two previous articles on new defence technology, depend critically upon the performance of sensors—electronic extensions of man's own capability for seeing, hearing or sniffing the enemy. Sensors themselves, such as infra-red cameras and tracking radars, are becoming very complex engineering systems for detecting and following a target, then directing the weapons. At the same time they must resist any attempt by the enemy to confuse by electronic counter-measures. Indeed, so complicated have these systems become that a serious bottleneck in weapons systems development today is the ability of the enemy to saturate the sensors of an entire fighting system such as a warship, simply because a single

target ties up a complete sensing system—say, a tracking radar.

Sensors and sensor systems will carve out a large slice of the national defence research and development budget of £2.5bn this year. Professor Ian Mason, the Ministry's chief scientific adviser, has been canvassing opinions from a wide range of scientific expertise on potential novel concepts for sensors, including "intelligent sensors" and how to close gaps in Britain's present defences.

One idea of Navy scientists at the Admiralty Compass Observatory is to replace the time-honoured gyroscope as the sensor for navigation and weapon fire-control. Their idea is to replace spinning metal parts with atomic nuclei spinning in a magnetic field.

## Cyanide—Soviet Union shows renewed interest

Such a gyroscope, based on nuclear magnetic resonance, could be much smaller and cheaper and need never wear out.

One gap in UK defences, about to be closed by new sensor technology now nearly ready for service, opened in the 1960s when public opinion was resisting more research on chemical warfare. During the 1970s, however, military intelligence suggested that Britain was under-estimating the Soviet Union's interest in chemical warfare. Britain began to spend more on research to protect the individual, although not nearly enough compared with spending on weapon systems technology, according to Dr. Rex

Watson, director of the Chemical Defence Establishment at Porton. His is the smallest of the 12 defence R and D establishments, with an annual budget of about £7m. "Man is still a bit of a cinderella," he laments.

But the "cinderella" will soon be carrying into battle a highly sophisticated chemical laboratory to warn with red lights and alarms if the enemy is attacking with nerve gas. NAIDA, Porton's nerve agent alarm and detector, is an alarm system continuously analysing the atmosphere for traces of nerve agents, including cyanide (an agent in which the Soviet Union is showing renewed interest, says Porton).

The technology centre where most of the military's sensors start life, however, is the Royal Signals and Radar Establishment at Malvern. This laboratory began life developing controls for searchlights and has advanced to such systems as airborne early warning, the first of the new flying radar stations for Britain which was rolled out last month.

Early in the 1950s, Malvern invented the idea of the integrated circuit, basis of modern micro-miniature electronics. Recently it has put a complete radar—including the aerial—inside a package the size of a 10p coin. Such a sensor could open the way to a practical "intelligent" fuse which knows when it is near the target, says Dr. Tony Moss, head of applied physics. At present a shell that misses its target by a foot may be useless, while today's intelligent fuses tend to be bulky and complex. Malvern may well be on the way to an anti-tank weapon or a mine with its own radar to detonate the warhead when it knows the target is

close enough.

A speciality of Malvern over the last decade has been a remarkable array of light-weight, portable radars starting with a hand-held radar "torch" which the scientists claimed could distinguish a man from a woman—by the echo from the wiggle of a woman's hips. The latest, unveiled recently, is an experimental radar called SCAMPL, developed with GEC-Marconi scientists, to help the soldiers pinpoint moving targets on a TV screen.

These robust, short-range radars all used advanced semiconductor devices instead of electronic tubes to generate the radio-wave pulses, and to process the echoes reflected from their target and suppress any spurious enemy signals that might try to confuse them.

At the other end of the scale is the Nimrod Mark 3 airborne early warning system, under development by GEC-Marconi Avionics, the performance of which Malvern must evaluate for the Ministry of Defence. The Nimrod 3 aircraft is one big, flying sensor, says a Malvern scientist. Its radar, packed into the huge protrusion on the nose of the Nimrod, will provide an "eye in the sky" reaching 200 miles to the horizon. It will extend the six-minute warning of long-range ground radars to more than 30 minutes. Six operators will help this sensor's computers filter the deluge of data for evidence of any hostile incursions.

No service would be more delighted than the Navy to get away from the necessity of the familiar rotating radar aerial. The Admiralty Surface Weapons Establishment at Portsmouth believes that this may now become possible,

through electronic beam steering. The cost is high, and several arrays of radar sensors would be needed, beaming in different directions. But such schemes could be more robust, and each array could in theory generate several different radar beams, each independently controlled, to help beat the problem of saturation of the sensors of a warship.

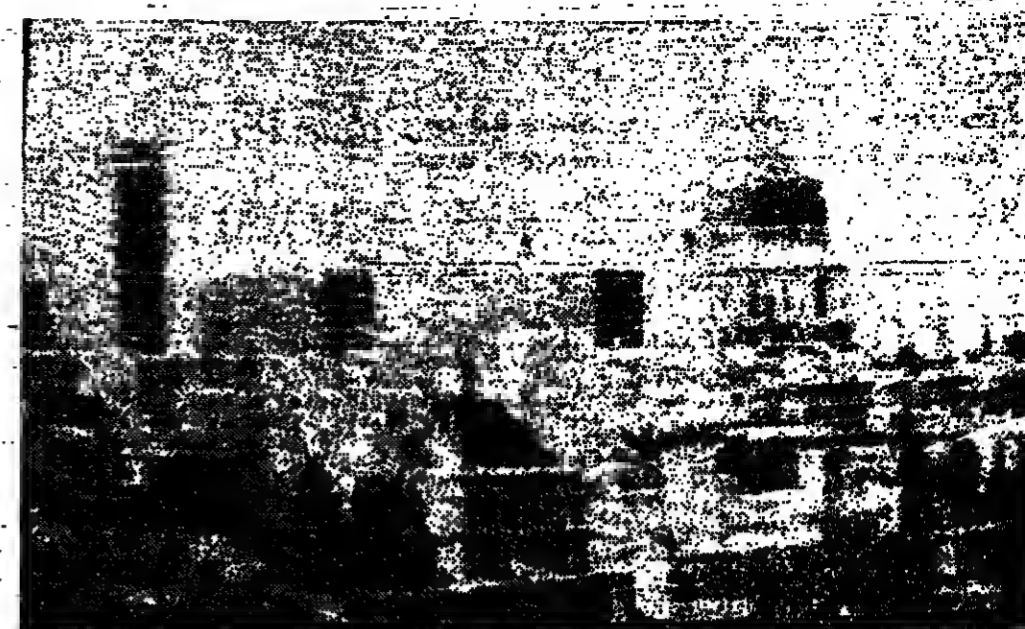
For long-range sensing, up to 200 miles, nothing will replace radar, believe Portsmouth. But for short-range sensing, infra-red sensors—long in gestation—are beginning to rival radar in all three arms of the Forces. The latest infra-red system can "see" differences of a fraction of a degree C in the heat being emitted by targets six or seven miles away. Unlike radar, the viewer is sending no signal him-

## Spot a woman—by the echo from her hips

self to alert the enemy of his presence.

The infra-red wavebands of military value lie just beyond red light in the visible spectrum, but at a wavelength of minimum interference by bad weather. At 8-14 microns, the scientists claim about 75-80 per cent availability for their latest infra-red sensors over the North Atlantic and on the North German plain. The all-important material of the sensor, cadmium mercury telluride (CMT), was discovered by Malvern in the late 1950s, and is now used worldwide.

The manufacturing technology for this very tricky semiconductor material has been worked out by Mullard to produce the new generation of



A thermal picture of London after dark, taken on Marconi equipment. The black patches are those which emit most heat.

thermal imaging sensors. But there is ample room yet for improvement, says Mr. Ken Slater, Portsmouth's director. He believes that the Navy is close to its first shipboard infra-red system.

Malvern, which developed the Navy's infra-red system principally in collaboration with Barr and Stroud, has also been working on a family of aids for the Army. The infra-red group admits that it is still far away from the one-time goal of defence research chiefs in Whitehall—of being able to issue each soldier with a pair of infra-red spectacles so that he could fight just as freely, or change a wheel, at night. The nearest they have come is to use image intensifiers, which have electronic tubes to amplify the residual light from the night sky.

These need very sophisticated optics to catch enough light to be useful. As a result they are bulky and costly—£2,000 or so to equip a soldier's rifle with such a night sight, and several times as much to equip an armoured fighting vehicle.

The Royal Aircraft Establishment at Farnborough has been flying an experimental infra-red

camera developed at Malvern. It looks like a big eyeball, complete with eyelid. It affords a vividly clear view of the ground in total darkness. The picture is sharper than a TV image, and features of the terrain are instantly recognisable. But Farnborough scientists know that they will have a big human problem in persuading pilots to fly their aircraft by watching a TV screen instead of looking out of the cockpit windows. No UK aircraft has yet been equipped with thermal imaging but the Tornado could well be the first, Farnborough believes.

In 1976 the Ministry of Defence, recognising both the potentially immense value and the intrinsic complexity of the new infra-red sensor, embarked on a novel development programme with industry. The aim of its common module programme is to develop a "Meccano-like" kit of standard parts and sub-systems from which complete sensor systems might be assembled to meet a specific service requirement.

GEC-Marconi Avionics is the co-ordinating design authority for this programme. EMI

Electronics and Rank Taylor Hobson are the main sub-contractors specialising respectively in the signal processing and the scanners. Malvern has built a unique night vision test facility to design and test sensors, using a computer to simulate the technology.

The first sensors assembled from parts produced under the common module programme are expected to go into service shortly. Two applications were disclosed in the defence estimates last month. A night and all-weather sight is to be fitted to the Swingfire anti-tank guided weapon; and a night sight has been chosen for the Milan anti-tank guided weapon.

A market is opening worth "hundreds of millions of pounds," estimates GEC-Marconi Avionics. Ahead lies still more complex thermal imaging systems capable of aiming weapons from a fast-moving platform such as an aircraft. Industry also believes that the common module programme could spin off a significant civilian market for thermal imaging security systems once the Ministry of Defence has picked up the big R and D bills.

## Letters to the Editor

### Electricity marketing

From Mr. E. Smith

Sir—With the necessary help of our Member of Parliament (Mr. Paul Marland, West Cotes), I have tried to find out why our Electricity Boards spend £12.5m a year on advertising and a great deal more in operating a thousand showrooms up and down the country. In his defence of this profligacy with a sales budget, the chairman of Midland Electricity makes the astonishing statement that, anyway, £12.5m is "only 0.25 per cent of turnover." As one who runs a manufacturing business and has to fight for exports, I find such a concept abysmal in its ignorance of management accounting.

Electricity has been with us for a century and it would be no rash claim that the British market for electricity is near to saturation. If not saturated, the asymptotic nature of the sales curve, in the past 20 years, must be painfully evident. Therefore, one must equate the huge electricity sales budget with the handful of consumers snatched from gas and coal fuel. It would appear that the chairman of Midland Electricity sees a multi-million expenditure as something that can afford without thinking about it. A mere bagatelle.

One derives the conclusion that the public is being forced to take part in a Gilbertian opera and made to pay for admission to its own show. In a letter from Mr. Norman Lamont, Parliamentary Secretary to the Department of Energy, dated March 26, 1980, in Mr. Marland, Mr. Lamont laments that the House cannot interfere with the management of a nationalised industry. Who, then, can protect the public from a confused and wasteful spending of the public's money?

It is hoped that when the Monopolies Commission has completed its scrutiny of the Central Electricity Generating Board, some way will be found to examine management competence in the marketing arm of electricity. In his letter of May 27, 1980, the chairman of Midland Electricity has informed me that "further correspondence between us would serve no useful purpose." Thus is the door banged on rationality.

Edward A. Smith,  
21 Birchwood Road,  
Woolston, Glos.

### Learning all the time

From the Headmaster, Roughton School

Sir—Michael Dixon (May 20) argues that there is a daff and even daffier educational tendency away from skills essential to managerial work in favour of ones of relatively minor importance. These skills of minor importance he summarises as "the detailed knowledge associated with study in the educational system."

I do hope that Mr. Dixon is not arguing for a lack of detailed learning on the basis that some who acquire it will not need it. Nor, I trust, is he arguing that at some early age those born with the wondrous gift of managerial promise in their eyes should be segregated from the herd of the bumble and placed upon some IQ plateau of their own—however much, no doubt, the communist

states so organise such egalitarian selections.

I accept that detailed academic knowledge is not essential to managerial ability—no headmaster, especially, could otherwise attempt to manage more than a subject department—but I would argue that some mental training and discipline, incumbent in specialised study, is an essential part of it. Such study could be in the classics, learning the works of Dickens by heart (but with understanding) or the wit beat patterns of the lesser-spotted tsetse fly so long as it is somewhere.

Soundly-based professional confidence needs a reservoir of skill. The aura of rank and swagger stick in the Army wears off quickly enough if you cannot talk at least technical sense based on some study in depth with skilled tradesmen. Leadership cannot be all "follow me chaps, this is going to be tough" anymore than management skills can be based on some ersatz course in "social skills."

Mr. Dixon has got it wrong. Management skills, whatever they are, develop with maturity and experience and derive more from personality, whatever that is, rather than IQ, whatever that is. They are no more specifically trainable than a prep school boy is specifically trained for post-graduate research work. The whole educational process, of which sheer hard learning and some aspect of special study play an important integral part, teaches the whole being—some of which beings will become, with undoubtedly the help of later finer honing, the good managers.

F. W. Edwards,  
83, Stone Hill,  
Newport, Gwent.

### Cash dispenser networks

From the Assistant Chief General Manager, Lloyds Bank

Sir—Ian Rodger in his article on cash dispensers for your World Banking Survey (May 27) quite correctly points out that Lloyds Bank has 850 of

these machines installed so far. But he then goes to say that Citicorp in the New York area with 450 machines is believed to be the largest cash dispenser network in the world. We were rather puzzled by this since both Citicorp and ourselves are customers for the same IBM cash dispensing machines.

Could it be that Lloyds Bank have the largest cash dispenser network? Knowing how hard it is to give credit to an ordinary British clearing bank for being first both in technology and customer service, I sympathise with Mr. Rodger. But I think even on his numbers it must be so. To be fair to Mr. Rodger he does refer to 24 hour cash dispensers and ours are of more restricted availability.

Bob Amos,  
P.O. Box 215,  
71, Lombard Street, EC3.

### Life assurance commission

From Mr. J. Hissey

Sir—I was interested to read the letter (May 23) from fellow assurance broker, P. C. Price, because you were good enough to print a letter of mine some two and a half years ago on this very subject.

Since then members of the Life Offices Association still insist on paying the same commission to all agents, whether they are fully professional brokers or merely part-time intermediaries.

The present flat rates are clearly too low to encourage any growth in the fully professional insurance broker, and too high where the agent merely passes a name to the insurance companies inspector, who completes the rest of the arrangement.

In my letter I suggested a simple solution whereby the insurance broker received double the amount of commission paid to the mere agent, with the total overall commission paid by the insurance companies being the same.

The Government has provided insurance brokers to set up their own association, so there should be no difficulty in defining the insurance broker. On

the other hand the Life Offices Association seem frightened of encouraging the growth of insurance brokers, presumably to protect their own less efficient members.

Maybe the time has come for Parliamentary action.

J. E. B. Hissey,  
Stafford Knight and Co.  
(Life and Pensions),  
155, Fenchurch Street, EC3.

### Crime and matrimony

From Mr. J. Holt

Sir—In her article on City solicitors (May 15), Mrs. Ann Moore, when talking about women lawyers, referred to "the view widely held in the profession that women are only suited to matrimony or crime."

Others might feel that they were more suited to either matrimonial law or criminal law.

Jeremy Holt,  
30 Ockendon Road,  
Islington, N.1.

### Interest rates

From Mr. J. Robertson

Sir—The current high level of interest rates does nothing to encourage businessmen both great and small to invest or re-equip.

A reduction in the interest rates paid by legitimate businesses could be arranged using the existing VAT collection procedure.

Each month or quarter as applicable the interest paid would be entered in one of the "higher rate" boxes provided. The amount of rebate in percentage terms would be announced one month in advance and would vary according to interest rates prevailing at the time but hopefully would have the effect of reducing the cost of business borrowing to 7 per cent or thereabouts.

These enterprises borrowing at "business rates" but lending the funds out would declare interest received in the tax due part of the VAT form.

No new government depart-

### The company car

From Mr. R. Howe

Sir—The controversy concerning public sector wages is highlighted by your article (May 20) on executive cars.

In the financing section you mention the corporate pound costing 50p to purchase a car whilst the rest of us pay £1.30 for the same thing. If the trade discount usually found is taken into account (which is not normally open to the rest of us) there is a ratio of 3 to 1 required in pay to cover the difference in purchasing power. I am sure this does not apply to cars, but all sorts of other emoluments.

The answer is to stop complaining of big public sector wages and alternatively alter the tax system so that the corporate pound is the same value as the £1.30 pound. This is avoided by politicians, the Confederation of British Industry and all others interested in obtaining a wage structure without regard to its purchasing power. With the ever increasing prices this is the real feature and until it is tackled we will have an unbalanced society with each side striving for more emoluments unfortunately at the expense of the rest.

The problem is increasing as firms endeavour to give their staff a better deal without losing half of it to the revenue and this feature is not available to public servants. It is not a new feature but like many more things these days it is becoming badly distorted and needs attention, urgently.

Ronald Howe,  
Tokaruzaba, Manor Road,  
Doddington, Kent.

GENERAL

UK: Institute of Mining and Metallurgy conference on national and international management of mineral resources, London.

Coal: today and tomorrow exhibition opens, Newcastle upon Tyne.

Prince Charles, as president, visits Prince's Trust projects in West Midlands; and Queen's College Birmingham.

American stockbrokers Drexel Burnham Lambert Inc. hold investment forum for stockbrokers, Savoy Hotel, London.

### Today's Events

Sir George Young opens multiple sclerosis and coronary research unit at Central Middlesex Hospital.

Overseas: Pope John Paul starts three-day visit to France. EEC Foreign Ministers meet, Brussels.

COMPANY MEETINGS

Ayrshire Metal Products, 17 Church Street, Irvine, Ayrshire, 3.30.

Folthorpe, Harvey, Midland Hotel, Manchester, 12.30.

Pearson Longman, Millbank Tower, Millbank, SW 1, 11.30.

Pearson, Millbank Tower, Millbank, SW 1, 12. Ready Mixed Con-

crete, Carlton Tower Hotel, Cadogan Place, SW, 11.30.

John C. Small, Tidmas, The New Mechanics, Birkbeck House, Trinity Square, Nottingham, 12.

Whitman Reeve Angel, Great Eastern Hotel, Liverpool Street, EC, 12.30.

COMPANY RESULTS

Final dividends: Airflow Streamlines, Capital and Counties Property, Chapman (Batham), Cape Sportswear, London and Overseas Freighters, Minister Assets.

Interim dividends: Wolverhampton and Dudley Breweries.

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## Companies and Markets

## UK COMPANY NEWS

## Pressure on margins for ICL in first six months

**STRONG** sterling, rising UK inflation, and higher interest charges have all brought pressure on margins at ICL, the computer systems and allied products and services group.

Turnover increased by 21 per cent from £285m to £346.5m and taxable profits for the half year ended March 31, 1980, were £20.5m against £15.6m, a 10 per cent rise.

Mr. Philip Chappell, the chairman, says it is too early to give any firm indication of results for the full year, but given an acceptable trading environment, he is confident the group's long-term prospects remain sound.

For the 1979-79 year profits were a record £45.7m.

Overseas profits were below expectations, but the overall profit growth was sustained to some extent by a favourable sales mix which contained proportionately fewer rental contracts.

The larger interest charge, up from £7.5m to £11.4m for the six months, was due to further growth in working capital needs, and to greater use of export credits guarantee department finance for exports.

Mr. Chappell says that the financing facilities available are sufficient to meet the group's foreseen requirements.

After adjusting for exchange rate variations, orders received were up by 16 per cent, he adds.

A number of significant new products were launched in the period, the chairman states, including a major computer system, the EC 20, which has 100 orders were taken in its first month, of which over 60 per cent came from new customers.

After tax of £4.3m (£6m), and minorities of £0.2m for the time, profit was £16.3m (£12.4m), giving earnings per 25p share—there was a share split from £1 shares into 25p in February—of 64.2p (£49.6p).

The interim dividend is effectively increased to 0.85p (0.875p) net, last year's final being 2.1p.

The attributable balance, however, emerged much lower at £5.6m against £12.4m, after an extraordinary debit of £7.7m

(nil), comprising the full costs expected to arise from the group's decision to close the product feeder plant at Dukinfield, near Manchester—due next month—and transfer production to other factories.

The use of the closing rate method for translation of foreign currencies into sterling, has been extended to all assets, the directors state.

This has resulted in a £5.8m reduction in overseas fixed assets and reserves, as at September 30, 1979, and a reduction of £1.1m in depreciation for the first half of 1979-80—as at March 31, 1980 reserves stood at £103.6m (£89.1m).

Lex, Back Page.

## Coalite finishes over £20m

**AFTER** national strikes had left half-time performance unchanged, Coalite Group made a return to growth in the second half of 1979/80.

The fuel producer and distributor and oil refiner, pushed taxable profits for the year to March 31, 1980, up to £27.2m to a record £20.53m, with £14.1m against £11.48m coming in the second six months.

A lower tax charge of £5.84m, compared with £5.91m, enabled the company to show earnings per 25p share higher at 19.83p (16.15p).

The net total dividend is stepped up to 3.85p (3.07316p) by a 2.56p final.

Sales were £57m better at £255m and after depreciation of £4.5m, against £4.91m, trading profit was £19.94m (£17.68m).

Interest received amounted to £537,000 (£137,000).

The retained surplus came out at £11.58m, against £9.84m after costs of £2.54m (£2.27m).

A strong second half brought Coalite in slightly ahead of market expectations, putting 2p on the shares which closed at 104p.

Lex, Back Page.

Production of coalite itself was hit by a first-half strike, but the damage—which the company reckons at £3m—was more than offset by better performances from fuel distribution, chemicals, and vehicle building and distribution.

For the current year, coalite profits should be back up if the company is spared further disruption, though the truck vehicle market is softening and chemical margins could see a squeeze.

Perhaps £23m is in sight, indicating a prospective fully-taxed p/e of almost 7, on an historic 5.4 per cent yield.

Lex, Back Page.

## Philip Hill Trust £1.7m higher

**PRE-TAX PROFITS** of Philip Hill Investment Trust rose during the year to end-March 1980, by over £1.7m to £8.49m.

Expenses over the period increased from £284,000 to £437,000 but interest fell slightly from £1.39m to £1.26m.

The total dividend is raised to 5.5p (equivalent 4.675p) with a final payment of 3.5p.

The group is also recommending a special non-recurring dividend of 0.35p, due to exceptional income received from Shell and Unilever.

Gross revenue came out at £10.29m, compared with £8.56m the previous year.

After a tax charge of £2.68m (£2.31m), revenue rose from £4.48m to £5.8m.

Earnings per 25p share are given as 5.97p (4.51p).

The net asset value per Ordinary share was 117.2p at the year-end, compared with 137.3p the same time last year.

IMPERIAL/HOJO

Imperial Group yesterday said that it expected to complete its \$630m purchase of Howard Johnson of the U.S. in the week of June 16.

In the way of a bid for your shares; on the contrary, it would increase interest in a bid."

A vote in favour would also give shareholders:

- an extra two pence a share which can be well afforded by the company

- more attention in the future by House of Fraser to giving shareholders a fair return on their investment

- support for the share price in the future.

A vote in favour will not effect the security of employment of those working for House of Fraser, and will mean the support and increase in the Fraser dividend and four other ordinary resolutions Lonrho says that a vote in favour "will not stand

"We are opposed to an increase in numbers from 15 to 18, as the House of Fraser has grown to need a board of 18 people. The Monopolies Commission clearly recognises that Lonrho would not interfere with the specialist side of the department, store group and said: "Lonrho would be interested in the profitability of its investment in the House of Fraser and, therefore, in the success of the business."

House of Fraser was studying the latest Lonrho circular last night and planning its response.

Urging shareholders to support its special resolution for securing the future of the Fraser dividend and four other ordinary resolutions Lonrho says that a vote in favour "will not stand

## HIGHLIGHTS

Lex concentrates on the major company announcements on the day. Courtaulds has maintained its dividend and improved profits slightly, but it continues to face very difficult trading conditions. Beecham has produced pre-tax profits of £136.8m, against £144m, with some underlying increase during the closing six months. Nevertheless the group is finding pharmaceuticals hard going. Borthwick has plunged into the red at the half-way stage because of the collapse of U.S. beef prices and it has passed its half-year dividend payout. Finally ICL managed to push volume up at least as fast as last year, but margins have come under pressure. On the inside pages several companies come in for comment, including some rather contrasting results from two brewers, Greenall Whitley and Young. UBM seems at last to be coming right but Capper Neill's profits are lower in what was a difficult year.

## Courtaulds tops £68m for year

**AGAINST** AN increasingly poor trading background, Courtaulds improved second-half profits from £36.5m to £37.9m to finish the year to March 31, 1980 with a pre-tax figure of £68.1m, compared with £54m.

Worldwide sales increased from £1.66bn to £1.82bn, of which £492.9m, against £424.6m, came from exports.

The group's interests are in man-made fibres, textiles, chemicals, pulp, packaging, paint and plastics and engineering.

Results benefited from rationalisation measures that have been taken, but the effects were obscured by the reduced competitiveness of sterling which eroded margins and stimulated import competition. Profits of the overseas companies improved.

Four trading conditions have persisted into the current year. Tax for the 1979-80 year was little changed at £20.3m (£20.2m) and stated earnings per 25p share moved up from 13.58p to 14.30p.

A maintained net final dividend of 5.67p makes a total payment of 8.562p (8.362p).

Minorities took £8.9m (£7.2m), while extraordinary debits, which largely comprise reorganisation and closure costs associated with the elimination of loss making activities, jumped from £3.7m to £2.8m.

Following the continued accumulation of capital allowances and the interest on last year's Finance Act of permanent stock relief, there was a release this time of £24.1m of deferred tax.

After dividends, the retained surplus emerged unchanged at £9.7m.

Capital expenditure for the year rose by £24m to £74m with priority continuing to be given to the control of working capital, cash resources were reduced by £9m, while loan capital increased by £14m.

Profits before tax of the International Paint Company, a Courtaulds subsidiary, climbed from £19.18m to £20.41m for the 1979-80 year, with the second half performance up from £8.88m to £9.77m. Sales reached £217.7m, reflecting a good increase in volume.

The company's overseas performance was strong, particularly in Europe, while there was a modest improvement in UK results despite the effects of the strong pound on substantial

export business, and deteriorating trading conditions.

Sales and profits would have been £19.5m and £2.1m higher respectively had exchange rates at March 31, 1979 been maintained throughout the year.

Brazil accounted for £7.4m and £1.2m of these figures.

Earnings per 25p share advanced to 15.85p (13.34p) and the dividend total is raised from 2.617p to 3.068p net, with a final of 2.175p (1.857p).

The pre-tax result included an increase in interest receivable from £0.71m to £1.27m, but lower associated contribution of £0.43m (£0.98m). Tax charge was down from £9.7m to £5.6m.

Exchange losses amounted to £1.55m, against £1.36m, and minorities took £1.52m (£1.03m). There were extraordinary credits of £0.36m (£0.25m) debits, and a release of deferred tax of £2.43m this time. Retained profits were up from £7.62m to £12.3m.

The company's cash position remains strong despite a significant cash injection into capital expenditure and working capital on account of higher sales volume and substantial price increases in raw materials.

TAXABLE PROFITS of Normand Electrical Holdings showed an advance from £1.03m to £1.3m for the year ended March 1, 1980, on increased turnover of £16.36m, compared with £14.91m.

In the current year, they warn that with some degree of caution being shown in most of the group's markets, order books in certain areas have deteriorated.

However, they say every effort is being made, both in the UK and internationally, to obtain more business and the group is well placed to meet any increase in demand.

Earnings per 20p share are given up from an adjusted 6.4p to 10.9p, while the dividend total is effectively lifted to 3p (2.5245p) with a better than expected final of 1.9073p (adjusted 1.57416p)—a 10 per cent interim rise was forecast.

## Beecham Group trimmed to £137m by strong pound

**AN ADVERSE** conversion rate which sliced £7.8m from the contribution of its overseas subsidiaries, bid a marginal underlining growth in Beecham Group's taxable profit for 1979-1980.

Following the £7.7m downturn at mid-term the pharmaceutical, animal and consumer products company reports a surplus of £136.8m against £144m, for the year to March 31, 1980.

At the trading level the decline from £146.4m to £134.9m was partly offset by sharply lower interest costs of £1.5m (£6m).

Sales were 11.4 per cent higher at £1.03bn.

Stated earnings per 25p share were down at 12.4p (13.2p) on a net basis or 14.35p (15.12p) on a nil basis. However the net total dividend is effectively being lifted to 6.125p (£3.14p) by a 3.245p final.

With tax taking £55.5m, against £62.4m, £0.7m (£0.5m) going to minorities and a £0.7m extraordinary debit last time, attributable earnings were little changed at £80.6m, compared with £80.4m.

The trading results include six months' figures of the Jovan inc fragrance and perfume business acquired at the end of September.

Lex, Back Page

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
H. Ansbacher Hldgs.	0.15	Aug. 21	3.02*	6.13	5.31*
Beecham	3.25	Aug. 21	3.02*	6.13	5.31*
Borthwick	Nil	—	2.38	4.03	3.85
Brunswick Group	2.45	—	1.38	2.35	1.93
Buckley's Brewery	1.65	—	—	2.01	2.42
Capper Neill	2.1	July 10	2.04	3.85	3.07
Coalite	2.56	Aug. 4	2.04	3.85	3.07
Courtaulds	5.67	July 25	5.67	8.56	8.36
George Ewer	1	Oct. 7	0.8	—	—
Exchange Telegraph	4.75	—	4.03	7	6.05
Greenall, Whitley	3	July 18	1.83	—	—
Philip Hill Trust	3.9	Aug. 4	3.2*	5.88*	4.57*
ICL	0.95	Aug. 15	0.88	—	—
International Paint	2.18	Aug. 6	1.56	3.05	2.63
London Sumatra	6	July 23	4	8	7.2
Normand Electrical	1.91	July 22	1.57*	—	—
Prop. Ray's Wharf Ltd.	2.58	July 25	2.18	6.31	6.35
Pyramid Group	2.22	—	2.18	6.31	6.35
UBM	3.5	July 18	2.77	5.5	4.73
Warren Plantations	7	July 15	5.81	10	8.25
Young & Co's	2.2	—	1.82	4.3	3.52

Dividends shown pence per share net except where otherwise stated.

\* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Increased partly to reduce disparity. § Final of 4.63p forecast. ¶ Total of not less than 6.25p forecast. || Including 3.5p net special dividend.

\*\* Including 0.35p non-recurring payment.

## Borrowing costs push back Capper Neill profits by 8%

**INCREASED** interest charges of £1.16m compared with £0.64m have brought an 8 per cent reduction in pre-tax profits for Capper Neill, process plant manufacturer and reactor, for the year to March 31, 1980.

First-half profits slipped £0.2m to £2.06m and a further decline from £3.28m to £3.03m in the remainder of the year left the surplus at £5.08m against £5.54m.

Turnover rose from £59.8m to £97.28m and the directors point out that the marginal improvement in trading profit, from £8.18m to £6.24m, was achieved in the face of disruptions caused by the engineering and steel strikes.

At the year-end, they add, borrowings continued to reflect an acceptable proportion of capital employed.

The dividend is stepped up from 3.1825p to 4.2p, with a final of 2.1p, absorbing £1.1m (£0.85m).

Tax takes £891,048 (£835,543) and minorities' profits £15,345 (£2,392 losses) and there is an extraordinary credit from the sale of assets of £14,061 (£18,167). Earnings per 10p share are shown as 14.47p (12.82p).

The group's major activity, site construction engineering, continued to perform most satisfactorily, say the directors, with Capper Neill International and Capper Pipe Service achieving record results.

But some factory-based subsidiaries suffered from a reduction in activity and every opportunity is being taken to reshape operations to take

advantage of the changing pattern of demand, they add.

comment

The Capper-Neill share price has barely moved over the last six months. Confirmation of the 6p per share gross dividend gives a yield of 11.5 per cent which, if the stock market really is taking the worst possible view of engineering contractors' profit ability, should have risen since last November. The recent experience of some directly comparable firms, after all, provides ample evidence of the risks involved. Yet Capper's enviable track record has only been dented by high interest rates and the continued failure of the manufacturing division to

respond to a reduced level of activity. With pipe services, construction engineering, prob- ably contributes 80 per cent of total profits and the outlook for the current year, at least, looks reasonably optimistic. The anticipated expansion of the operational spread has no doubt been enhanced by the apparent success of the £25m Kenana project but clearly the medium outlook is dominated by the probable narrowing of the domestic base and increased overseas market pressure. However, Capper has grown fast over the last decade to establish a sound footing and the share price of 53p, up 4p yesterday, is probably right to ignore the possibility of any sudden shocks.

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Financial Times Friday May 30 1980

# If any mining house is going to do well, we will too.

## 1979 RESULTS

1979 has been a good year with steady progress and, with few exceptions, an improvement in turnover and net attributable profits on all fronts.

Notwithstanding a record profit of nearly £150 million, re-expressed in 1979 terms profits per share last year were still lower than they were in 1973, when the actual profit earned was only £66 million.

In contradistinction to earnings, the proposed dividend re-expressed in 1979 terms is the highest ever paid.

## DEVELOPMENTS

In the first half of 1979 we decided to acquire and re-open the Wheal Jane tin mine in Cornwall. This company has in the past been a useful supplier of concentrates to our tin smelter, Capper Pass. Good progress has been made with the reconditioning of the mine. It will resume production on a small scale around the middle of the year and should reach full output by the early part of 1981.

We have decided to subscribe an additional £5 million to the capital of Rio Tinto Rhodesia (soon to be renamed Rio Tinto Mining Zimbabwe), in which we hold a 51% beneficial interest. The money will be used to finance a carefully defined expansion programme and includes the opening up of two mining properties. This is an act of faith in the people who work in our organisation and in the sincerity of the new Government. It is only by support of this kind that it will be able to find a solution to the serious unemployment and resettlement problems with which it is faced. Other developments include the up-grading of the aluminium smelter at Bell Bay, Tasmania, by Comalco, and the expansion of the Lornex copper mine in British Columbia. In Panama, we have reached an agreement in principle with Codemin, a Government agency, under which we are undertaking a programme of work to reassess the viability of the large low grade porphyry ore body with reserves of over one billion tonnes, which would be developed by open pit mining. The viability of the project will, of course, depend primarily upon copper prices, but on the basis of known existing copper properties in North and South America, Cerro Colorado must rank as one of the great potential mines of the future.

## EXPLORATION

In 1979 the Group spent £32,500,000 and in 1980 there will be a further increase. Exploration is the life blood of a mining house with its constant need to find new ore bodies to replace those that are being currently worked out. The Ashton

diamond venture is most exciting and most promising and it could come into operation earlier than predicted last year.

## WESTINGHOUSE AND ANTI-TRUST

As regards Westinghouse, there have been several important developments. The Court of Appeals in the United States has ruled that Westinghouse may not proceed in the Chicago case against RTZ, as a non-appearing defendant, until the case against the appearing defendants has been decided.

RTZ Corporation of America - a subsidiary of RTZ Borax - which was one of the appearing defendants in the case, has now been released from it.

The Protection of Trading Interests Act was introduced by the British Government towards the end of last year, received bipartisan support in Parliament, and reached the statute book in March. This measure reflects the British Government's fundamental objection to continued attempts by the United States Courts and regulatory authorities to extend the application of their anti-trust and other laws beyond the territorial limits of their own country, and it should, incidentally, further reinforce RTZ's position in the UK.

## RÖSSING

At Rössing the position has improved. In 1979 the technical performance of the plant was good, its rated capacity was reached and the company made a good contribution to Group profits. No tax was payable on the profits earned, no dividend was paid to any of its shareholders, but the result of the year's work was a strengthening of the company's financial position, some reduction in its debt and a better relationship between capital and borrowings. However, the same wearisome and unfounded attacks have been made on our operations there. We believe that

the development of the Rössing mine with its firm non-racial policy, its high standards of health and safety, its training programmes for semi-skilled, skilled and management levels, its continuing expenditure on and expansion of housing, hospital and health services, educational, social and recreational facilities, its establishment and financing of the Rössing Foundation, is bringing major benefits and opportunities, not only to its employees and their families but also to the country and the community at large.

I am convinced that if those people in responsible positions, who continue to make unfounded allegations about conditions there, were willing to accept an invitation to visit Rössing and judge it in good faith, they would find the situation there startlingly different from the one they are constantly asserting.

The political future of Namibia is still uncertain. It is to be hoped that present consultations will result in an early agreement for the transfer of the territory to a newly elected, independent and internationally recognised Namibian Government.

## FUTURE OUTLOOK

The year has started well as is only to be expected from the buoyancy of metal prices during the first quarter but during the last two months prices have fallen substantially - in some cases to below the average levels of 1979. Inflation still goes on at an unacceptable rate. The international situation remains uncertain and threatening. But morale is high; our mines are low cost producers and with our spread of activities, if any mining house is going to do well, we will too.

## CHAIRMANSHIP

As you will remember, the objective I set myself when I presided over my first annual general meeting in 1976 was to separate the two functions of chairman and chief executive and to

create two full time top jobs. Last year I told you that during 1978 Mr Alistair Frame had been appointed chief executive. It must seem to have taken a very long time to reach a decision about my successor. That decision has now been taken. Sir Anthony Tuke, the chairman of Barclays Bank, who will be retiring from executive duties there in April next year, has accepted an invitation from the board to succeed me at the annual general meeting of 1981, in twelve months' time.

He will be joining our board in a non-executive capacity later this year. With his wide knowledge of finance and close relations with the countries in which our principal overseas subsidiaries operate, he will be of great value to the company and we are extremely fortunate to have secured his services. I am sure that with Sir Anthony and Alistair Frame, with their different but complementary experience, the future of the company is in good hands.

## THIRD WORLD DEVELOPMENT

I would like to say something about the development of the Third World and the role that the multinational companies can play. Few would dispute that the discipline and controls exercised by private enterprise are far stricter and tighter, giving far greater value for money and a far higher level of wealth creation. They have the technology and money and skills and, quite often, branch operations or subsidiaries in the countries most needing help. They would, I am sure, be prepared to provide advice and training as well. But to make progress, there must be a willingness on both sides to co-operate and those requiring help should beware of looking gift horses in the mouth, or demanding as of right the free transfer of technology, where educational standards are not far enough advanced to contribute to the development of that technology.

A few weeks ago the Brandt Commission Report was published. It explains the problems and stresses the urgency of their solution. It also recognises that a Summit meeting should be held, confined to a small number of the world's leaders, unsupported by their staff, to make recommendations for action. We already have an admirable example in the World Bank of the effective financing and supervision of major projects in the Third World. Perhaps their horizons could be extended, or perhaps some alternative agency could be set up. In either case, however, bilateral discussions on a clearly defined form and scope of assistance are required, if any of the progress which we all hope for is to be made.

Mark Turner  
Chairman, 28 May 1980



# RTZ The Rio Tinto-Zinc Corporation Limited

Sir Mark Turner's speech, the annual report, and fact sheets, are available from:  
The Secretary, RTZ, 6 St. James's Square, London, SW1Y 4LD.

## Exchange Telegraph up by 21.5% to over £3m

FOLLOWING THE first-half rise of nearly 11 per cent, pre-tax profits of the Exchange Telegraph Company (Holdings), communications group, increased by 21.5 per cent from £2.56m to a record £3.11m for the year ended March 31, 1980. Turnover jumped to £72.06m, compared with £24.73m adjusted to include the restatement of advertising turnover in terms of billings.

The results include for the first time a full year's contribution from Wigmore Holdings and its subsidiaries (principally, the Royds Advertising Group) acquired at the end of March, 1979.

Trading profits for the year advanced from £2.36m to £3.48m, before reduced associates' contributions of £145,000 (£211,000) but higher interest charges of £518,000 (£13,000).

A division breakdown of turnover and trading profits shows (with £000s omitted): sporting and financial news services £12,363 (£9,963) and £12,362 (£9,403) and £327 (£658); advertising and public relations £44,198 (£2,497) and £1,116 (£1,021); other interests £3,245 (£2,871) and £476 (£428).

Earnings per 25p share were ahead by 9.5 per cent, at 18.4p

(16.8p), and the dividend total is raised nearly 16 per cent from 6.04675p to 7p net, with a final of 4.75p.

Tax charge was up from £1.07m to £1.35m and minorities took £34,000 this time. An extraordinary debit of £165,000 (nil) comprised redundancy and other costs in respect of the rationalisation of printing capacity and a profit on sale of a leasehold property.

Dividends absorbed £638,000 (£562,000) leaving a retained profit of £318,000, compared with £329,000.

### comment

A troubled year for the printing division held back group profits at Ertel to a relatively modest advance, allowing for the impact of the Wigmore acquisition. The market responded by marking the shares down 2p to 159p, where they yield 6.5 per cent. Printing has now seen a major rationalisation. The extraordinary item reflects part of the cost, but the gross amount of perhaps £1m is netted off against profits on the associated sale of a leasehold property. Elsewhere, advertising has been held back by the television strike, while the declining demand for the Evening News Service has been more than offset by the growing popu-

## Buckley's Brewery tops £1m

A SECOND half advance of £181,696 pushed taxable profit at Buckley's Brewery up from £808,624 to £1,022,145 for the year to March 30, 1980. Sales by the brewer and beer, wine and spirit merchant, grew from £7.29m to £8.05m.

After tax of £410,278 (£373,962) stated earnings per 25p share improved 0.7p to 5.7p. The net total dividend is stepped up to £2.35p (1.97p) by a 1.65p final. The net surplus emerged at £811,897 (£534,682) which on a current cost basis was reduced to £413,581 (£399,929). The historic retained balance was higher at £355,440, against £318,235.

THE COLLAPSE of U.S. imported beef prices in the second quarter pushed Thomas Borthwick and Sons, international meat trader, into taxable losses of £9.99m for the six months to March 31, 1980, compared with profits of £5.64m previously.

The interim dividend is being omitted—in the light of current market conditions, the directors have decided to delay any decision on payments until the full year results are available. Last year's interim was 3.4p, followed by a final of 3.6p.

Mr. Bill Bullen, chairman, says it is extremely difficult to predict year-end results which will be dominated by the behaviour of the U.S. imported beef market. The picture can change rapidly but there can be little doubt that this will be a disappointing year, he adds. Pre-tax profits totalled £7.34m for 1979-78.

At the annual meeting in January, Mr. Bullen said first quarter results were a little ahead of target. He now says the unexpected collapse of imported beef prices in the closing weeks of the period cost the group some £8m. The sharp price change came when its works in Australia and New Zealand were building up stocks as the cattle season got into its stride. New Zealand lamb marketing has been satisfactory, the chairman says. The large Iranian contract to supply 64,000 tons of lamb has proceeded, with shipments going according to schedule and prompt payment being received.

The project involving rationalisation of slaughtering in New Zealand with a change of ownership of the group's Waingawa Works has been terminated because of unfavourable conditions affecting the other party. UK meat slaughtering, processing and importing operations were just as hard-hit as those in

## Borthwick swings into loss and omits interim

the U.S. The group is therefore well advanced with a programme of further heavy reduction of overheads.

This will mean the loss of more than 100 jobs and the closure of some locations in Britain and to mitigate what is now a considerable annual tax charge.

They intend to enter into contracts of some £2m prior to June 30, 1980 year-end, and provided a suitable return is offered, the amount invested in the future will increase broadly in line with profitability.

Midland Cattle Products suffered a sharp profit set back because of the world commodities position and a strong pound, together with severe inflation of energy costs.

The earlier recovery in flavours and essences, and food manufacturing has been allowed by continuing inflation and high interest rates, the latter falling back into losses. However, contracts have been signed to sell the loss-making catering business of Thwaites and Matthews.

There were stated losses per 50p share of 5.62p for the half-year, against earnings of 5.82p. Tax took £1.02m (£2.92m), giving a net debit of 2.01m (£2.71m profit).

Turnover amounted to £287m, compared with £278m. The pre-tax loss was after share of an associate's profits up from £0.53m to £1.56m.

Lex, Back Page

## London Sumatra pays 8p

INCLUDING trading profits of £3.29m against £7.71m, the 1979 pre-tax surplus of London Sumatra Plantations rose from £8.93m to £9.83m, and the dividend is lifted from 6p to 8p net with a final of 6p.

Turnover rose by £60,000 to £19.78m. The surplus includes investment income of £1.01m (£0.84m) and Malaysian profits up from £0.39m to £0.52m.

Tax again takes £4.17m, leaving stated earnings per 10p share up from 29.91p to 35.45p. The surplus includes dividends of £334,000 (£27,000) and lower exchange losses of £333,000 (£25,000), there is an attributable surplus of £4.98m (£2.03m), of which £1.28m (£0.96m) is absorbed by dividends.

Comparative figures for 1978 have been restated to incorporate Indonesian results using the pre-devaluation exchange rate for rupiah profits up to November 15, 1978, and the year-end rate for post-devaluation profits.

## UBM expands 104% to £12.2m

A SECOND half boost from £2.6m to £7.2m has left UBM, builders merchant, with record taxable profits of £12.24m for the year ended February 29, 1980, compared with £6.01m, a rise of 104 per cent. Sales improved by 9 per cent, or £22.6m, to £269.3m.

Although there were still benefits to come from action taken to reduce costs and improve efficiency, Mr. Michael Phillips, chairman, says that the group has experienced more difficult trading conditions in the current year, which he felt would continue at least through the greater part of the period.

UBM, however, is now in a much stronger position to face these conditions and take advantage of suitable opportunities to expand its businesses, he states. On capital increased by last year's rights issue, earnings per 25p share are shown as 14p (8.7p), and the dividend is lifted to 5.5p (4.75p) net with a final payment of 3.5p—at the time of the issue directors expected to at least maintain the total.

UK trading conditions were generally good, Mr. Phillips explains. The merchant division achieved "an outstanding improvement in profitability," and although new housing activity continued to decline, and industrial and commercial building was at a relatively low level, the home improvement market was buoyant, he says.

Cash sales through UBM's showrooms and self-selection centres increased to £34m, and represented 20 per cent of sales of the merchant division. The combination of substantial cost reductions and improvements in productivity resulting from re-organisation together with the concentration of the group's buying power, had a marked effect on margins, the chairman states. Excellent progress was also made by the scaffolding and motors divisions.

The group generated a substantial cash flow from trading activities and together with the rights issue, and the proceeds of sales of a number of businesses and surplus properties, has greatly reduced borrowings.

A revaluation of the group's freehold and leasehold properties at February 29, 1980 revealed a surplus of some £21m. The effect of this was that group borrowings at the year end amounted to £11.4m, being 18

per cent of shareholders' funds. Tax for the year took £4.51m compared with £1.68m, and after an extraordinary debit of £445,000 (£860,000), the attributable balance was £7.29m (£3.45m). Dividends absorbed £3.25m against £2.33m leaving the retained profit at £4.04m (£1.12m).

Extraordinary items comprised further amounts provided for the closure costs of the window contracting activities, less profits on the sales of businesses and surplus properties realised during the year.

In addition, trading losses of £300,000 were charged in respect of the window side—no further losses chargeable to revenue, are expected in the future.

### comment

It may be argued that, after such a long profits trough, UBM was due to come right, but the recovery has at least been achieved in no uncertain way. On a pure spending power adjustment the 104 per cent improvement does not take the largest independent builders merchant very far ahead of the 1974 peak yet, as far as it is possible, the group enters the recession with a reasonable degree of armament. Cash generation is still a major strength, and the 1979 rights issue proceeds, was sufficient to cut gearing to just 18 per cent. It was not so very long ago that UBM was 90 per cent borrowed. A strong cash position provides scope for expansion after so many years of conservatism and the after-sale market opportunities provided by the thus far flourishing Ford dealerships, may be the route through which UBM will loosen its 75 per cent dependency on builders' merchanting. For the moment, of course, the stock market is more interested in a sustainable flow of income than capital growth—the trough is sounding the now familiar cautions regarding the current year—but debt is far easier to raise by no more than £1.8m before February 1981 and there is no obvious pressure on a dividend reduction. UBM's 2.2 times by historic published earnings. The yield is 12.2 per cent at 69p, up yesterday, and the p/e looks reasonably defensive at 4.8. The final cost of sales adjustment may make the OCA cover, look less obviously healthy.

## UK and Indonesian interests help Warren Plantation to £6.79m

SHARPLY improved performance from a recent UK acquisition and from its Indonesian estates enabled Warren Plantation Holdings to lift 1978 taxable profit by £0.59m to £6.79m. Although well down on the £10.9m peak reached in 1977, the outcome bettered the forecast of results similar to 1978, given by the company in January this year.

Midyear profit had fallen from £1.72m to £0.74m. The company says it has made an encouraging start to 1980. Results from Joseph Moss, acquired in 1978, and DKS Containers are above budget and,

despite national problems, in Assam, the group's main tea growing area, tea production in India has not been disrupted.

Prices for all commodities remain at profitable levels and the group's commodity and geographical spread should help to insulate it against a downturn in any particular area," the directors add.

Reflecting the benefits of diversification, operating profit was £8.28m (£5.12m) for 1979, before a share of associates of £0.51m (£0.68m) was derived, with £0.00s omitted, as to: UK £1,576 (£2,431); India £2,064 (£2,477); Kenya £1,393 (£1,437);

Indonesia £1,173 (£587); Papua New Guinea £149 (£189); Australia loss £75 (nil) and Nigeria nil (£32).

Stated earnings per 25p share were up at 32.75p (£0.92p) after tax of £3.72m (£2.98m) and a 7p net final dividend raises the total to 10p (£0.25p).

After an extraordinary debit of £132,387 (credit £14,586) and dividends, which absorbed £0.84m (£0.69m), the retained balance emerged lower at £1.79m, against £3.23m.

Sales for the year reached £29.25m (£22.7m) with tea the main contributor at £14.04m (£13.82m), but surface coatings showed rapid growth from £1.41m to £8.25m. Coffee sales rose to £0.10m (£1.78m); rubber £1.56m (£1.02m); oil palm fruit £0.49m (£0.26m) and containers £3.44m (£2.74m). Turnover of goods and services was down at £1.44m (£1.67m).

Excluding the £1.1m spent on acquiring 51 per cent of Liffey Cotton Pty in Australia, capital expenditure during the year amounted to £1.77m. By year end total capital employed was up from £13.13m to £20.7m with the Australian development continuing to balance the cut back in India from £6.31m to £4.77m.

### FAGS' PREF PAYMENT

Antofagasta (Chili) and Bolivia Railway is to pay on July 1 six months cash dividend of 1.75 per cent on the 5 per cent preference stock on account of arrears.

After this, the dividends on this stock will remain 12 months in arrears.

## Causton moves up to £502,000

TAXABLE GROUP profit of printers and publishers, Sir Joseph Causton and Sons was ahead 49 per cent to £502,000 after interest charges, from £331,000, for the half year to March 31, 1980. Interest of £85,000 (£152,000) paid this time was considerably below previously, as a result of last year's one for three rights issue and property sale.

Causton Carbons, Causton Publishing and Eastern Press provided most of the group's profit growth. The performance of the other divisions was satisfactory.

Against a difficult economic background and some trade union disruption during April and May, the short term outlook is uncertain, the board warns. However, it remains confident that the long term prospects are good. Group turnover for the period was £5.09m (£4.3m), after taking out material content of £1.9m (£1.7m).

Tax for the half year was £165,000 (£79,000), having been reduced by losses brought for-

ward and by the excess of capital allowances over depreciation. After tax and an extraordinary debit of £8,000 (£11,000) pertaining to redundancy payments, net interim profit of the group was £329,000 compared with £261,000 last year.

The board has declared an interim dividend of 0.75p per share (£1.1194p gross), maintaining the gross at the level paid last year.

### Pyramid dividend is raised

Despite a fall in pre-tax profits for 1979 from £248,637 to £210,788, Pyramid Group has announced a slightly higher dividend.

The tax charge for the period was down from £138,868 to £113,202. Earnings per 10p share before the extraordinary item are given as 4.9p against 5.6p. After extraordinary items the figures are 8.8p, compared with 9.5p.

## Hay's Wharf rises 34%

LARGELY according to plan, taxable profits of Proprietors of Hay's Wharf expanded by 34 per cent from £2.26m to £2.99m for the six months ended March 31, 1980, an increase of 30 per cent.

The directors say there are signs that during the current half there will be a cut back in demand for the services of the group's storage, distribution and bottling companies, as customers take steps to reduce stock levels because of high interest rates. However, they feel it is too early to tell how far this will affect profits for the second six months. In the longer term, earnings should benefit from the group's current capital expenditure programme and from disposals of low-yielding assets, they add.

Despite the 1978-79 first half being affected by the industrial troubles, the full year's profits anted at a record £35.3m. On capital increased by last July's rights issue, stated first half earnings per 25p share are 12.43p (£1.159p) and, partly to reduce disparity, the net interim dividend is 5.58p, as forecast, compared with 1.72p—also forecast at the time of the rights was a maintained final payment of 4.83p, which would lift the total to 7.21p (£6.35p). After tax of £271,000 against £175,000, net profits are through ahead at £2.72m (£2.08m).

### comment

The 25.5 per cent profits increase at Greenall Whitley surprised the City southseas and left the ordinary shares up 7p to 185p. The figures are flatterer slightly by a higher level of forward deliveries ahead of Easter but, offsetting this is the exceptional benefit derived from the Allied strike last year.

## Wheway Watson


The steel strike has eaten into profits of Wheway Watson Holdings, the chainmakers, engineers and forgers.

The board estimates that as a result of the strike reduction in profit for the year to March 29, 1980, is of the order of £250,000. Pre-tax profits for the year are indicated at around £510,000, after interest of £453,000 (£249,000).

These figures incorporate results of Joseph Shakespeare, taken over in February this year, reflecting a break-even situation. The audited accounts will be considered at a meeting on June 24.

Meanwhile, the directors intend to recommend payment of the forecast final dividend. At the interim stage they anticipated the dividend for the year would be increased by 12 per cent. The previous year's total was 1.0047p.

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**MAGNOLIA GROUP (MOULDINGS) LTD**  
Fine art mouldings, manufacturers and importers

**"Pre-tax profits exceed £1 million"**


*At the Annual General Meeting held on 29th May, 1980, Mr. Raphael Wallcock, the Chairman, said:*

- \* Pre-tax profits rose by over 15% to £1,122,179, the first time we have passed the £1 million mark. After adjusting for the capitalisation issue net assets per share rose from 57.3p to 68.4p.
- \* The total dividend of 2.1p per share represents an increase of 81% over that paid for 1978 and is covered 5.8 times by earnings.
- \* The decision to build a new larger warehouse in Bradford has been fully justified and we are proceeding with several other projects including new premises in Edinburgh which are nearing completion.
- \* The short-term outlook provides some cause for concern and sales in late indicate that 1980 will not be easy. However, we have sufficient work in hand to keep the factories busy at present and can match the competition in terms of quality and range of products.

Comparative Results	Year to 31 December 79	Year to 31 December 78
Group Sales	£6,552	£5,465
Profit before tax	1,122	972
Profit after tax	662	676
Earnings per share	12.20p	12.68p
Dividends per share	2.1p	1.16p



Magnolia Group (Mouldings) Ltd.,  
Sutton Road, Rochford, Essex SS4 1NA



**SECURITIES TRUST OF SCOTLAND LIMITED**  
A member of The Association of Investment Trust Companies

**SUMMARY OF ANNUAL REPORT**  
YEAR ENDED 31st MARCH

	1980	1979
Per Ordinary Share—Earnings	5.20p	3.64p
Dividend	4.80p	3.53p
Net Asset Value	107.5p	128.8p
Total Assets less Current Liabilities	£52.8m	£61.8m

Geographical Distribution of Portfolio

Percentage	UK	North America	Japan	Other Areas
	68.4	22.8	5.0	3.8

**EXTRACTS FROM THE STATEMENT BY THE CHAIRMAN, Mr. J. G. Wallace FFA**

**Performance for Year to 31st March 1980.**

- End of dividend restraints led to unusual buoyancy in revenue.
- Proposed dividend 36% up on last year.
- Net dividend increased 104.3% in last five years.
- Removal of dollar premium reduced sterling value of overseas assets.

**Outlook**

- Uncertainty in the U.K. with high inflation and interest rates.
- Opportunities overseas while sterling remains strong.
- Exemption from Capital Gains Tax constructive.
- Objective to maintain earnings and dividend progress.

Copies of the Report and Accounts may be obtained from the Managers and Secretaries, **MARTIN CURRIE & CO., 29 CHARLOTTE SQUARE, EDINBURGH EH2 4HA.**

and spirits division, Cerealis is trading carefully on the Shilstone acquisition. The high-profile pubs have a high marriage and the group does not intend to jeopardise this by extensive loss-making. In consequence, cash flow has been used to reduce borrowings — down £3m to around £16m. With good summer views, Cerealis could nudge £20m for the full year, which would leave the pre-cast dividend covered more than 2½ times by fully taxed earnings. The shares yield 4.8 per cent.

## Wheway Watson

The steel strike has eaten into profits of Wheway Watson Holdings, the chainmakers, engineers and forgers.

The board estimates that as a result of the strike reduction in profit for the year to March 28, 1980, is of the order of £250,000. Pre-tax profits for the year are anticipated at around £510,000. Net interest of £455,000 (£249,000).

These figures incorporate the results of Joseph Shakespear, chain maker in February this year, reflecting a break-even situation. The audited accounts will be considered at a meeting on June 24.

Meanwhile, the directors are intending to recommend payment of the forecast final dividend. At the interim stage, they

## EUROPEAN OPTIONS EXCHANGE

Series	Vol.	July	Last	Vol.	Last	Vol.	Jan.	Stock	
ABN C	F.260	4	86.50	—	—	—	—	F.886	"
ABN D	F.260	6	12	—	—	—	—	—	"
ABN E	F.500	—	—	0	8.40	—	—	—	"
ABN F	F.210	1	1.60	20	5.80	—	—	F.23.90	"
AKZ C	F.250	10	1.20	20	1.50	—	—	—	"
AKZ D	F.250	7	0.80	12	1.50	—	21	2.30	"
AKZ E	F.500	—	—	1	5.80	—	—	F.62.30	"
AKZ F	F.500	—	—	1	5.80	—	—	—	"
HEI C	F.60	—	—	2	6.50	—	—	F.68.70	"
HEI D	F.60	—	—	2	6.50	—	—	—	"
HEI E	F.60	—	—	2	6.50	—	—	—	"
HEI F	F.60	—	—	2	6.50	—	—	—	"
KLM C	F.70	14	1.10	61	6	—	10	5.90	"
KLM D	F.70	188	1.20	142	2.60	—	—	—	"
KLM E	F.70	98	0.70	—	—	—	—	—	"
KLM F	F.70	17	0.70	—	—	—	—	—	"
KLM P	F.80	12	1.10	—	—	—	—	—	"
NN C	F.100	5	20.80	—	—	—	—	F.122.50	"
NN D	F.110	69	12.70	—	—	—	—	—	"
NN E	F.110	46	3.40	34	6.80	—	—	—	"
NN F	F.100	—	—	5	—	—	—	—	"
NN P	F.120	—	—	1	5.30	—	—	—	"
PET C	F.5500	—	—	1	260	—	—	F.5500	"
PHI C	F.17.50	—	—	10	1.80	—	2	2.50	"
PHI D	F.17.50	—	—	10	1.80	—	50	1.80	"
PHI E	F.17.50	—	—	10	1.80	—	—	—	"
PHI F	F.17.50	—	—	10	1.80	—	—	—	"
PRD C	F.80	1	13	—	—	—	—	—	"
RD C	F.150	12	15.80	54	15	—	20	16	F.161.90
RD D	F.160	305	5.80	96	6	—	6	9.50	"
RD E	F.170	123	1.50	22	3.50	—	—	—	"
RD F	F.140	44	0.30	42	1	—	—	—	"
RD P	F.150	108	1	1	5.90	—	—	—	"
RD P	F.160	58	5.70	25	8.20	—	—	—	"
UNO C	F.108	5	6.10	—	—	—	—	F.106.10	"
UNO D	F.120	—	—	2	1.50	—	2	3.50	"
UNO E	F.105	40	0.70	—	—	—	—	—	"
UNO F	F.110	—	—	1	5.60	—	—	—	"
UNO P	F.80	—	—	10	—	—	—	—	557½
XXY C	£25	—	Aug.	Nov.	5	—	—	Feb.	—
SLE C	£100	—	—	—	—	—	—	—	£28½
SLE C	£120	6	2½	—	—	—	—	—	£120½
GM C	£45	—	June	—	1	—	—	—	£46
S C	£15	—	2½	—	—	—	—	—	£16½
TOTAL VOLUME IN CONTRACTS								2554	
C = Call				P = Put					

## Documents continue to bombard Ewer holders

DOCUMENTS CONTINUE to pour through the letterboxes of shareholders in George Ewer, the coach operator which is battling to fight off a bid from J. Cowie, the motor distributor.

Yesterday the various parties posted: Ewer's interim results; Ewer's detailed rejection of the Cowie bid; and Cowie's second attempt to dissuade Ewer from buying Eastern Tractors.

Figures for the half year to the end of March show that Ewer's turnover rose from £11.1m to £14.1m and pre-tax profits rose from £270,000 to £312,000, despite a jump in interest charges from £72,000 to £137,000. Below the line, sales of properties for £1.4m produced an extraordinary profit of £845,000.

No forecast is provided for the full year but Mr. Henry Ewer, the chairman, said the second half should benefit from the interest savings made possible by the property sales. It is also traditionally the better period for coach hire.

Meanwhile the interim dividend is to be increased from 0.5p net to 1p.

The figures are accompanied by a letter from Mr. Ewer which compares this profit performance with that of J. Cowie which recently announced a 13.8 per cent profit fall for the same period.

Mr. Ewer argues that Cowie is trying to buy the company for less than net asset value which he puts at £4.7p as at the last balance sheet. Cowie's offer is for 52p.

Mr. Ewer also denies there is any commercial logic to Cowie's proposed merger. He does not accept this Cowie's showman network would materially improve Ewer's hire car business which, he says, already has an adequate range of outlets through Budget Rent-a-Car.

He also denies any benefit

from Cowie's leasing and contract hire involvement, claiming that Ewer believes it more profitable to remain a free agent rather than operate an in-house finance company.

The letter from Mr. Tom Cowie to Ewer's shareholders concentrates on reasons why he opposes Ewer's proposed acquisition for Eastern Tractors. His own offer is conditional upon the failure of the Tractors bid.

Mr. Cowie points out that Tractors had an attributable net loss last year of £244,000 despite a pre-tax profit of £10,369. Most of the loss relates to a provision for a problem associate company. He also notes that, if it stays independent, Tractors will not be paying a dividend this year although it Ewer takes it over Tractors' holders will receive £61,000 as their share of Ewer's dividends.

Mr. Cowie also stresses the increase in Ewer's borrowings which would result from the acquisition. Tractors has borrowings of over £2m.

### COSTAIN'S U.S. ACQUISITION

Costain Group has acquired Consolidated X-ray Service Corporation, of Dallas, Texas. The cost is \$3.2m and a further amount, not exceeding £700,000, is payable when results for the year ended June 30, 1980, are known. For nine months to March 31 turnover was \$9m and profit before tax \$900,000.

Consolidated provides non-destructive testing services to customers principally in energy and chemical process industries. Within this area, gas transmission and pipeline construction industry accounts for the greater part of the business.

Costain anticipates that this company will have a somewhat similar customer base to

Trend Construction Corporation, acquired in July 1979, and which builds compressor stations and gas processing facilities.

## Tilling's £8m U.S. purchase

Thomas Tilling, the diversified UK industrial group, is adding yet another company to its recent string of U.S. acquisitions with the \$18.5m (nearly £8m) purchase of Badger Northland, a Wisconsin-based maker of farm equipment.

Badger, formerly a subsidiary of Massey-Ferguson, earned profits before interest and tax of \$3.6m in the year to October 31, 1979, on sales of \$38.1m.

The company's asset value at that date was \$22.5m, before deducting inter-company loans, whose repayment is included in the purchase price.

Badger's product range covers livestock feeding and farm waste disposal equipment and systems including silo unloaders, feeders and conveyors, and barn cleaners. Tilling's present interests in the farm equipment market are managed through the Gascoigne Group, which has operating companies in Britain, Belgium, Denmark, France and West Germany.

The Badger range, although designed for the American market, will complement that of Gascoigne, Tilling said.

### INTL. BASIC/BOOKER

Shareholders of International Basic Economy Corporation, of the U.S., are to vote on June 30 on the company's proposed merger into a unit of Booker McConnell, of the UK.

Public holders of 1.2m International shares would receive \$4.4 per share.

## REPORTS TO MEETINGS

banking interests should be large enough to effectively serve customers' requirements. This could be achieved by the alliance which would mean that growth of the bank would be slow and group resources would have been stretched as capital injections adversely affect gearing without the balance of compensating assets.

He said that the acquisition of Keyser Ullmann would provide Charterhouse's banking subsidiary, Charterhouse Japhet, with an opportunity to increase the base of the banking operations.

Shareholders will receive further information on the acquisition in about four weeks and be asked to approve the necessary increase in share capital at an extraordinary general meeting later in July.

On current trading within the Charterhouse Group, Mr. Mobbs said that despite "somewhat pessimistic business conditions, I am pleased to be able to report that the group's results for the first three months of the current year have exceeded expectations."

He added that the group was looking forward to a better year for profits in 1980 which would again be materially assisted by increased oil revenues even though such profits are more highly taxed than other profits.

After the meeting Mr. Mobbs said that the group had been

## Christy Bros. names behind bid

BY RAY MAUGHAN

IF THE \$500,000 bid by stockbrokers Simon and Coates for engineering group, Christy Bros. is accepted in full, British and Commonwealth Shipping, through its Mentieth Investment Trust subsidiary, will hold 20 per cent of the equity.

Other substantial shareholders lined up by the firm include The Representative Body of the Church of Ireland which will hold 12.5 per cent. Simon and Coates is acting as principal in the bid but has fully underwritten the offer. The firm's private clients will control 25.25 per cent of the equity and the former Armstrong Equipment director designated to represent the new investors on the Christy board. Mr. J. Dyer, will, in conjunction with his wife, maintain his near-10 per cent involvement.

The stockbroking firm and its clients already hold 20.5 per cent of the shares and believe that Christy may well require further capital either immediately or in the near future. The details of the group's misfortunes, chronicled in the offer document, will be only too painfully apparent to shareholders who are being asked to accept a cash bid of 50p per share.

For the moment, the Christy board is counselling shareholders to take no action ahead of a detailed defence to be published before the stockbroker's offer closes on June 13. Simon and Coates will attempt to further the listing of Christy's ordinary and preference shares on the London stock exchange.

All Christy shares acquired in connection with the offer or purchased by the firm itself will be sold to investment clients at a maximum price of 51p per share.

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

**TODAY**  
Interim: Wolverhampton and Dudley Breweries  
Finals: Airflow Streamlines, Capital and Counties Property, Chapman (Bath), Cope Sportsware, London and Overseas Freighters, Minorca Assets, Warrim Brothers.

**FUTURE DATES**  
Finals: French (Thames) June 12  
Orquand, Exploration and Finance June 4  
Suttons Gold Mining June 4  
United States & General Tel. June 11  
W. Hand Consolidated Mines June 4  
Finals: Brown (Johns) July 25  
Bettelshon Gold Mining June 4  
Clydesdale (Transvaal) Col. June 4  
Hafslund June 4  
Country Generalists' Assoc. June 27  
Furness and Marshall June 10  
Oceana Development Int. Tel. June 5  
Plym June 4  
Sennar Bank June 4  
Tanks Consolidated Invest. June 3  
Trent-Natal Coal Corporation June 4  
Trafalgar June 0  
Wharfedale June 26  
Amended.

## DUBLIER TERMS FOR FLIGHT

Details of Dublier's \$2.5m (£1.1m) proposed acquisition of U.S. aeronautical industry supplier Flight Connector Corporation, were posted yesterday to shareholders.

Some \$20,000 is to be raised by means of a placing at 45p per share to be arranged by Hambros Bank—the Board explaining that this was thought to provide "more advantageous terms" than a rights issue.

The remainder, plus the special \$500,000 incentive fee payable to Mr. Irving Zeiger, Flight's chief executive, are to be made by drawing on a new \$15m, seven-year Eurodollar loan which carries interest at 1 per cent over London Interbank Offer Rate.

Mr. Ronald Hooker, Dublier's chairman, indicates that further tranches of this loan will be employed in expansion of Flight's products and working capital base.

This will, in the short term, reduce profits of Flight which, following a study by accountants Peat Marwick Mitchell, are said to have amounted to not less than \$800,000 for the year to end February on turnover of approximately \$45m.

## RTZ chief sees change in investment sentiment

BY GEORGE MILLING-STANLEY

SIR MARK TURNER, chairman of Rio Tinto Zinc, sounded an optimistic note on the future prospects of the mining industry in a paper presented in London yesterday, in contrast with the lower approach he adopted at the London mining house's annual meeting earlier this week.

After outlining what he called the "conventional" wisdom approach to assessing the immediate future of the industry, Sir Mark rejected the arguments for gloom and told a joint meeting of the Institution of Mining and Metallurgy and the American Institution of Mining Engineers that "with determination, it should be possible to make real progress."

In a paper under the title of "New mine development in an uncertain world," Sir Mark gave three specific reasons why he believes that a change in sentiment is taking place. These concerned the recent rate of exploration for new ore bodies, the entry of the cash-rich oil companies into the mining business, and moves by the mining houses to re-examine existing undeveloped properties.

On the first of these, Sir Mark pointed out that at present, more potential ore bodies are known about than in any previous comparable period.

It is not a case of not having enough potential supply, but solely a question of the price of

the metal, and this too has assumed a new significance," he said.

The feasibility of mining large low-grade copper ore bodies is no longer dependent solely on the price of copper, as many of them are associated with other metals—gold, silver and molybdenum, for example—which, because of the higher prices they now enjoy, have completely altered the picture.

Sir Mark gave several examples from current operations of RTZ, notably Bougainville, in Papua New Guinea. Primarily regarded as a copper mine, Bougainville last year derived revenues of \$12m (\$8m) from its by-products gold and silver, compared with \$28m from copper. The gold lying on top of the copper deposits at Ok Tedi, also in Papua New Guinea, will generate an immediate and important cash flow which will significantly affect the development of the copper, he added.

On the subject of oil companies, Sir Mark echoed the remarks given to the conference earlier in the week by Dr. Jack Birks, a director of BP, to the effect that the oil industry is likely to play an increasing part in the development of mining in future.

He related to several recent acquisitions by oil companies of mining concerns—Shell/Buliton,

Standard Oil of Indiana/Cyprus Mines, Atlantic Richfield/Anaconda and the establishment of mining divisions and subsidiaries, for example by Exxon and BP, and said that "with oil prices escalating and earnings and cash flow expanding rapidly, I have no doubt they will meet capital costs from their own resources."

Sir Mark feels that it is perhaps a consequence of the growing interest of the oil companies in metal mines that there has been a move over the last year by the mining houses to re-examine some of their existing undeveloped properties.

He referred to work that is currently being done in Canada, Chile and Peru to re-assess the viability of known ore bodies and update feasibility studies, and mentioned RTZ's own recent agreement with the Panama Government to re-examine the Cerro Colorado copper deposits.

As a further ground for his comparatively hopeful attitude, Sir Mark pointed to the need to accelerate the efforts of the Western industrialised world to improve the living standards of the Third World countries. This need is currently being recognised in schemes to stabilise commodity prices, notably through buffer stocks, and the provision of aid to mining schemes through the Lomé II Convention.

## Cerro Colorado move causes surprise

THE NEWS that Rio Tinto Zinc has reached agreement in principle with the Panama Government to re-examine the potential of the giant Cerro Colorado copper deposit has aroused considerable interest among other copper producers.

Mr. Charles Barber, chairman of Asarco, expressed some surprise at RTZ's move in London yesterday, and said that under current conditions one cannot prudently assume a copper price high enough to justify the development of deposits of this type.

Basing his arguments on extrapolations of Asarco's own experience with the Chuquibambilla project in Peru, Mr. Barber told yesterday's session of a conference on the National and International Management of Mineral Resources that if the development of Chuquibambilla were to be considered today, investors would have to assume a copper price in 1980 of between \$2.50 and \$2.70 per lb. to yield a 15 per cent return. The metal is currently selling in New York for less than \$1 per lb.

Mr. Barber added: "Considering the implications of these figures, it is no wonder that Asarco recently announced that it would not submit a proposal for the development of the Cerro Colorado project."

Until the outlook for copper prices improves sharply, Mr. Barber said, consumers will have to rely on the expansion of existing mines, the development of smaller, relatively high-grade deposits, and on mines such as Ok Tedi and Asarco's Troy mine in Montana, which have respectively significant amounts of gold and silver.

panied by a declaration of pre-tax profits of IR £1.69m for 1979, a 243 per cent increase in earnings of IR £495,771 in 1978. Last year's net figure was swollen by an extraordinary profit of IR £916,692 arising from the disposal of freehold properties.

The group is declaring a first dividend of IR 2p, bringing the total for the year to IR 3p, double the distribution for 1978. It expects to pay a dividend of IR 3p for 1980 on the enlarged capital.

The object of the rights issue, Silvermines explained, is to strengthen the equity base in order to take advantage of investment opportunities as they arise. The group expects soon to announce details of another industrial investment.

Over the last year Silvermines drew benefit from profits growth at Mogul of Ireland, the zinc-lead producer in which it has a 25 per cent stake, and Anglian Windows, in which its stake is 25 per cent. It received higher royalties from the barytes operations of Magohar (Ireland).

## Silvermines to raise £2.2m

SILVERMINES, the Irish natural resources and industrial group, posted itself for further growth when yesterday it announced a two-for-seven rights issue at IR 110p (86p) to raise IR £2.2m (£2.2m).

The announcement was accom-

## Charterhouse to seek listing for oil side

THE Charterhouse Group, the investment and banking company with large industrial interests, is intending to obtain listing for the stock of Charterhouse Petroleum Development, the group's own oil exploration and production company, later in the summer.

Charterhouse intends to retain between 40 and 49 per cent of the enlarged equity of Charterhouse Petroleum as "a long term holding."

Mr. Nigel Mobbs, Charterhouse's chairman, told shareholders at yesterday's annual general meeting that "we are at selling out of oil but retaining a new independent British oil company which will be free to exploit new opportunities as they arise and establish a true value for the group's oil interests. It will also ensure that the very significant costs of developing oil discoveries will not be a burden on the group's ability to expand in other areas of activity."

At present the full details of this issue are still being discussed," he added. "Further particulars of this issue will be sent to shareholders in due course if your board decides to proceed with the flotation."

Commenting on the group's 39.6m agreed bid for Keyser Ullmann, Mr. Mobbs pointed out that Charterhouse "is again becoming an investment and banking group. To achieve this objective it is essential that the

banking interests should be large enough to effectively serve customers' requirements. This could be achieved by the alliance which would mean that growth of the bank would be slow and group resources would have been stretched as capital injections adversely affect gearing without the balance of compensating assets.

He said that the acquisition of Keyser Ullmann would provide Charterhouse's banking subsidiary, Charterhouse Japhet, with an opportunity to increase the base of the banking operations.

Shareholders will receive further information on the acquisition in about four weeks and be asked to approve the necessary increase in share capital at an extraordinary general meeting later in July.

On current trading within the Charterhouse Group, Mr. Mobbs said that despite "somewhat pessimistic business conditions, I am pleased to be able to report that the group's results for the first three months of the current year have exceeded expectations."

He added that the group was looking forward to a better year for profits in 1980 which would again be materially assisted by increased oil revenues even though such profits are more highly taxed than other profits.

After the meeting Mr. Mobbs said that the group had been

advised that there would be no problems with the influential Accepting Houses Committee over the group's takeover of Keyser.

Unlike Charterhouse Japhet, Keyser Ullmann is not a member of the Accepting Houses Committee.

Meanwhile Greaveson Grant and Co., as associates of Charterhouse, have bought the following Keyser Ullmann ordinary shares on behalf of discretionary investment clients: 65,000 at 75p, 25,000 at 75p. Greave on Grant have also bought 125 ordinary of Charterhouse on behalf of Charterhouse Japhet (account/client).

At other annual meetings, the chairman reported as follows:

London and Scottish Marine Oil: Mr. Geoffrey Searle said the company was expecting the third Ninian field platform to start production in July of this year. The platform, in the north of the field, would supplement the central and southern platforms which had been producing an average of 14 per cent per acre barrels per day so far this year.

The chairman told members that the rate of drilling had recently improved considerably and denied that there were significant reservoir problems on the field. LMSO has a 7.8 per cent interest in Ninian.

Answering a shareholder's question, Mr. Searle said he expected production plans for blocks 16/17, the "T block," to be laid "towards the end of this year."

LMSO has an 8.52 per cent holding in the block through Oil Exploration (Holdings), which makes the company a third party to the offer.

With LMSO now benefiting from Ninian cash flow, Mr. Searle said the company planned a substantial repayment of bank borrowings next month. He declined to specify, however, when precisely LMSO would be repaying the bank, which falls due between 1981 and 1983.

Mr. Searle told the meeting that the rate of increase in Ninian production would slow this year, while sales from the Hewett gas field would be maintained in cash terms only.

LMSO acquired further properties in Kansas in January of this year and Mr. Searle said they have increased the third party interest to 50 per cent to 1,500 h/d. LMSO is striving to improve the efficiency of its U.S. operations but the chairman stressed that this would not produce a dramatic increase in production.

BITAC, Sir Raymond Pennock stated that sales and orders for the first four months of 1980 had held up well and the group's performance in this period was in no way exceptional both at home and abroad. The board, therefore, remained confident that the results would be satisfactory.

However, in the last few weeks there had been a sharp decline in the level of the group's UK business and a narrowing of margins at home and abroad, and these factors were expected to adversely affect its second-half performance.

Bruntons (Musselburgh): Mr. A. S. Wood said this improvement in volume output had continued throughout the first five months of this year and June also would be a good month. Because of the adverse factors affecting the UK steel wire, steel strip and wire rope industries, he added that it was not possible to forecast the second-half performance, but repeated that he was not pessimistic about the full year's results.

It was intended to pay an interim dividend of 2.9p net per share on October 31, compared with 3.79p last time.

Freemans (London S.W.9): Mr. A. Rampton said trade for the mail order group in the early months of this year had continued to be difficult as in the latter months of last year and at present the group was not meeting its sales targets. The sharp increase in VAT last June may still be playing its part in reducing demand, but this effect should be coming to an end, he added. If all other things were equal he should be expressing confidence in a much better second half.

Magnolia Group (Moultings): Mr. R. Wallrock reported that the company's latest sales figures confirmed his belief that the current year would be tough and while every effort would be made to achieve the 1980 budget, in his opinion the company would be doing well to show even a modest increase on its 1979 results.

**"The book of the year... following the fortunes of a Dutch company across four continents... the risks, the profits... a revealing account involving millions"**



In brief, Orion's final figures showed premium income up 10% to £27.8 million, investment income up 20% and profits before tax reach £4.8 million (+17%). Total assets £89.9 million. Significant progress was also made by The Life Association of Scotland with increased premium income by over 24%. A record bonus of £6 million was distributed to policyholders. Merchant Investors Assurance reported a strong growth pattern with a new premium increase of 43% and a 61% increase in pension premiums.

**Solid**

Nationale-Nederlanden's strong home base (it's the largest insurance group in the Netherlands) helped in weathering the downturn in on-ile results abroad. The indications are that growth in revenue and profitability will continue through 1980.

Copies of the Annual Report in English can be obtained from: The Orion Insurance Company Ltd, 70-72 King William Street, London EC4N 3BT. The Life Association of Scotland Ltd, 10 George Street, Edinburgh EH2 2YH. Merchant Investors Assurance Company Ltd, Leon House, 233 High Street, Croydon CR9 1LP and at Nationale-Nederlanden International Division 15 Prinses Beatrixlaan, 2595 AK The Hague, the Netherlands.

**The Orion Insurance Company Limited**

**Results for the Year ended 31 December 1979**

	1979	1978
PRE-TAX PROFITS	£ 4.8m	£ 4.1m
TOTAL PREMIUMS	£27.8m	£25.2m
INVESTMENT INCOME	£ 6.0m	£ 5.1m
UNDERWRITING RESULT	-£ 0.7m	-£ 0.5m
TOTAL ASSETS	£89.9m	£89.2m

Copies of the full Report, Accounts and Chairman's Statement can be obtained from The Secretary, The Orion Insurance Company Limited, 70/72 King William Street, London EC4N 3BT.

Orion is a member of the Nationale-Nederlanden International Insurance Group

**SPAIN**

	Price	%
May 29	210	+0.1
Banco Bilbao	210	+2
Banco Central	210	
Banco Exterior	210	
Banco Hispania	210	
Banco Inca	122	
Banco Madrid	141	
Banco Santander	257	+5
Banco Urquijo	150	
Banco Vizcaya	219	+2
Banco Zaragoza	200	
Dragados	100	-2
Espanola Zinc	60	
Ferros	61.2	
Gal. Preciosos	26	
Hidrocar	61.7	-0.3
Iberdrola	111	
Petrolina	107	
Repsol	107	
Telefonos	53.5	-1
Union Elec.	88.5	-0.2

**Highlights** (in £'000,000)

	1979	1978	1977
Revenue	1,632	6,898	5,854
Profit before tax	107	453	353
Net Profit	71	302	248
Dividend	22	82	75
Total Assets	6,320	26,716	22,449
Net Assets	507	2,143	2,194

(Rate of exchange at 31 December 1979 £1 = Dfls 4.227)

The group's involvement in last year's hurricane disasters was limited.

In the United Kingdom prudent underwriting left The Orion Insurance Company virtually unaffected by the unusual losses affecting Lloyd's and the London markets.

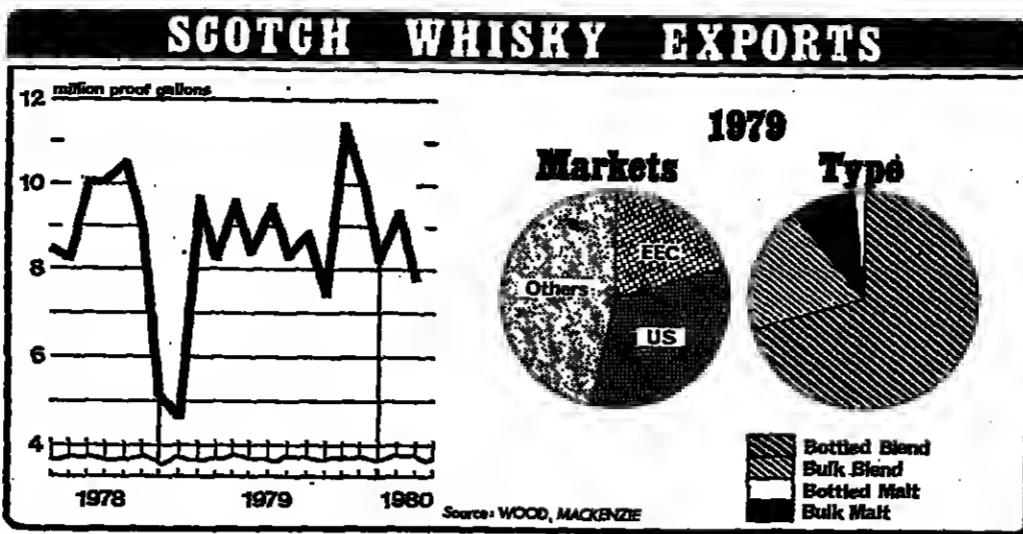
**Nationale-Nederlanden**

Nationale-Nederlanden, Branches or associated companies in Belgium, Greece, Norway, the United Kingdom, the Republic of Ireland, Spain, Canada, the United States of America, Surinam, the Netherlands Antilles, South Africa, Australia, Indonesia, Malaysia, Philippines, Singapore and general agencies in Denmark, Oman, Saudi Arabia, the United Arab Emirates and other countries.



# A hangover to come for Scotch exporters

BY GARETH GRIFFITHS



SCOTCH WHISKY exporting has always been something of a swing and roundabout affair. Shipments overseas normally fluctuate, but this year, whisky exports seem to have displayed spectacular changes of fortune. The export trends are not encouraging. This year's January and February figures are misleading. Exports in the first quarter of 1979 were adversely affected by the road haulage dispute and the backlog from last autumn's seven-week strike at the Distillers Company bottling plants was still being exported at the beginning of the year.

The real increase in exports was much more marginal, probably about 3 per cent once the distortions are ironed out. But this modest increase covered strong demand from importers in Europe, Latin America, North America, Australia and Japan. The distributors have built up their stocks and the outlook for the rest of the year is likely to be dull.

Last year Scotch exports fell in volume by 4 per cent, although they increased in value by 7 per cent to £707m. The pessimism among many observers was reinforced this month when Distillers (DCL), which controls half the world's output of Scotch, ended a guaranteed working week and introduced short-time working. Senior whisky executives concede, however, that in the end it is "gut feeling" that prompts them to make their marketing decisions. The present feeling is that the industry will continue to expand at a rate of about 4 per cent a year for the rest of the decade, modest compared with the 10 per cent growth rates of most of the post-war period.

But even fewer drams of comfort are offered by Mr. Ian McBean and Mr. David Campbell of stockbrokers Wood, Mackenzie. In the firm's newsletter this month, analysing the whisky industry, they argue that

the immediate prospects for Scotch whisky in the crucial American market are grim. "The days of the Scotch drinker have gone. Beyond 1981, the consensus is that Scotch will either be flat or, more probably, show a downward trend in volume, possibly as much as 2 per cent per year," their report suggests.

Traditionally, Scotch exports have risen when stocks held by distributors and retailers were low, and vice versa. In 1978 a very low stock position at the start of the year led to high exports and in 1979 stocks were run down while exports remained low.

This year, therefore, shipments would have been expected to be high to compensate for the low level of stocks. But it is far from clear that this is now happening. Exports of Scotch so far this year are down by more than 8 per cent in volume.

Last year Scotch whisky exports to the U.S. stood at \$3,155,764 proof gallons worth £192m; a fall of 1 per cent in value and 8 per cent in volume on the previous year. The middle price brands seem to have taken the brunt of the fall. The best-selling J and B Rare, produced by Grand Metropolitan's International Distillers and Vintners, showed an increase of about 2 per cent to 2.75m cases. But DCL's White Horse fell by 26 per cent to 100,000 cases and Berry Bros's Cutty Sark, the No. 2 best-seller, fell by about 3 per cent to 2.47m cases.

The industry had recognised that the relative importance of the U.S. market would decline once saturation point was reached in the mid-1970s. The National Economic Development Council report on distilling and Scotch exports in December 1978 suggested the American market would show little or no growth.

The distillers themselves claim the main opportunities for exports in the 1980s will be concentrated in Western

Europe. In EEC countries where per capita income is about as high as in the U.S., whisky consumption has remained disappointingly low. In West Germany, whisky's share of the spirits market, despite intensive advertising and promotional campaigns, remains obstinately at 3.5 per cent. France shows a 5.5 per cent share, Denmark 5.3 per cent and Italy 13 per cent. By contrast, the whisky share of the UK spirits market is 52 per cent.

Scotch exports to Western Europe suffer from three major disadvantages which are proving to have a dampening effect on growth. The first is discrimination against whisky in the form of higher taxes than on locally produced spirits. This has been highlighted by the European Court ruling in February that France, Italy, Denmark and Ireland were guilty of discrimination against Scotch whisky.

The recent decision by the Danish Parliament to pass a 37½ per cent ad valorem tax on whisky, already subject to a liquor tax and VAT at 22 per cent, will almost certainly mean another appeal to the EEC Commission in Brussels and another case for the court.

The second disadvantage exporters face in dealing with European markets is parallel trading — the process whereby UK sales organisations undercut the sole distributor or agent by selling brands direct to major overseas outlets. As a result, the agent becomes less committed to the long-term aim of building up and promoting the image of branded Scotch.

A further problem for Scotch in Western Europe is the extremely high mark-up charged by hotels and drinking establishments. That has meant that most Scotch is sold for drinking at home. But, to achieve higher sales, Scotch needs to be promoted as a business or social drink.

Japan, the third most important market for Scotch, after the U.S. and the EEC, presents the exporters with very delicate adjustment of interests. That country is the major importer of bulk malt whisky for blending in home produced whiskies. The controversy raised by bulk exports in containers (rather than bottled) has been running for several years and DCL executives maintain that in 10 to 15 years the industry could face very severe competition from the Japanese whisky industry which will then have built up a tradition of blending and improved the quality of its own whiskies.

The main area for growth appears to have temporarily shifted to the developing world. Exports to Venezuela, 2.52m proof gallons last year (4.4 per cent of world Scotch exports) were up by nearly 500 per cent in the first three months of this year. The Mexican market increased by more than half last year to 675,823 proof gallons and Chile went up by 77 per cent to 703,519 proof gallons.

Because it is a popular high value product, Scotch is particularly prone to economic nationalism. To date, according to the Scotch Whisky Association, there are 450 restrictions by governments all over the world on Scotch whisky exports. They range from a straightforward ban to state monopolies, permits, prohibition of advertising, date coding for particular markets, foreign

## APPOINTMENTS

### Senior posts at British Telecom

Two new directors of BRITISH TELECOM have been appointed. Mr. John Tippler has become director of exchange systems in the telecommunications network executive. Mr. John Maurer becomes director of network to the telecommunications international executive.

Mr. Tippler will be responsible for planning exchanges for the national telephone and telegraph networks and for the development of exchange systems. He will also be responsible for the data switching components of the network, including packet-switching centres.

Mr. Maurer will plan and provision all international telephone, telegraph and data services, including computer-controlled international switching centres, submarine cables and satellite communications.

Mr. John L. Harvey is to retire as chairman and a director of THE EXCHANGE TELEGRAPH COMPANY (HOLDINGS) — the City Group's parent company — on July 24, following the annual meeting. He will be succeeded as chairman by Mr. Alan B. Brooker, who will continue as group chief executive.

Mr. J. A. McNab has been appointed managing director of THOMAS COOK. He was formerly chief accountant of the Thomas Cook Group.

Mr. Leigh B. Dobson has been appointed marketing director of FAIRY FILTRATION, one of the Heston-based members of the Fairy Group of companies.

Mr. Philip Greenwell will be retiring as senior partner and from the partnership of W. GREENWELL AND CO on November 16. He will be succeeded by Mr. R. H. Lawson and Mr. G. T. Pepper who will become joint senior partners.

Mr. Robert Gibson-Jarvie will join CONTICOMMODITY SERVICES on June 2 as a consultant. After eight years with the London Metal Exchange where he became executive secretary, Mr. Gibson-Jarvie became an independent consultant on commodity market matters in 1978. His most recent assignment has been to prepare the ground for the establishment by the London Commodity Exchange of an International Petroleum Exchange.

Mr. Derek A. Hacking has been appointed a director of R. K. HARRISON, J. L. JACOBS (INSURANCE), and will be responsible for the financial institutions division.

Mr. Harvey Allen, director responsible for ALLIED BREWERIES (UK) brands has joined the Board of C. G. Hibbert (Marine Supplies).

The Home Secretary has appointed Dr. J. E. Hampson to serve as a member of the ADVISORY COMMITTEE ON ANIMAL EXPERIMENTS. Dr. Hampson is the chief animal experimentation research officer for the RSPCA, but she has been appointed to the Committee in an individual capacity.

New chairman of the £400m buying group NATIONWIDE FOOD DISTRIBUTORS (NFD) for the current year is Mr. Don Heyworth, joint managing director of Snowdon and Bridge. He is also chairman of the NFD marketing board. NFD comprises Warriners, Snowdon and Bridge, Danish Bacon Company, Meadow Markets, Holmes/Tobacco Sales (Northern Ireland), Star in Scotland and Bookers, who have an interest in APT/Alliance.

PRIVATE PATENTS PLAN has appointed Mr. C. H. Grinstead as company secretary. He succeeds Mr. J. S. Burns, who relinquished the post following his recent appointment as financial director.

Mr. Peter Laod has joined the Board of J. N. DOBBIN AND VICES as a non-executive director. He is group managing director of British Transport Hotels.

## Capper Neill

### SUMMARY OF PRELIMINARY RESULTS for the year ended 31st March 1980.

	1980	1979
Turnover	97,234	89,897
including exports	32,395	31,341
Group trading profit	6,240	6,175
Interest payable	1,159	638
Group profit before taxation	5,081	5,537
Taxation: UK (totally deferred)	870	836
Overseas	21	—
Group profit after taxation	4,190	4,701
Amount absorbed by dividends	1,211	850
Dividends per share	4.2p	3.1825p

Recommended final dividend payment of 2.1 pence per share making total of 4.2 pence (1979: 3.1825p) equivalent to 6.0 pence (1979: 4.62p) inclusive of related tax credit.

Group trading profit for the year is marginally higher than that of last year. However, higher interest payable has resulted in an eight per cent reduction in pre-tax profit thus interrupting seven years of unbroken profit growth.

Site construction engineering, the major activity of the Group, has continued to perform most satisfactorily with Capper Neill International and Capper Pipe Service achieving record results.

During the year the economic climate has been difficult for the factory based companies and every opportunity is being taken to re-shape operations to take advantage of the changing pattern of demand.

The Group continues to concentrate its effort into expanding its site construction activity into new markets.

For a copy of the full Report and Accounts write to The Secretary, Capper Neill Limited, Warrington WA1 4AU.



Design, manufacture and erection of process plant for world industry.



## Warren Plantation Holdings Limited

### 1979 HIGHLIGHTS

- \* Dividends increased by 21% to 10p per share.
- \* Pre-tax profits have improved over 400% in last five years.
- \* Joseph Mason earnings double to £1.6 million.
- \* Indonesia rubber and oil palm contribution up by 78%.

### Summary of group results (£'000s) to December

	1979	1978
Turnover	29,250	22,699
Profit before taxation	6,787	5,800
Profit after taxation	3,071	2,821
Earnings per share	32.79p	30.92p
Dividend per share	10.00p	8.25p
Return on capital employed	33.60%	30.52%

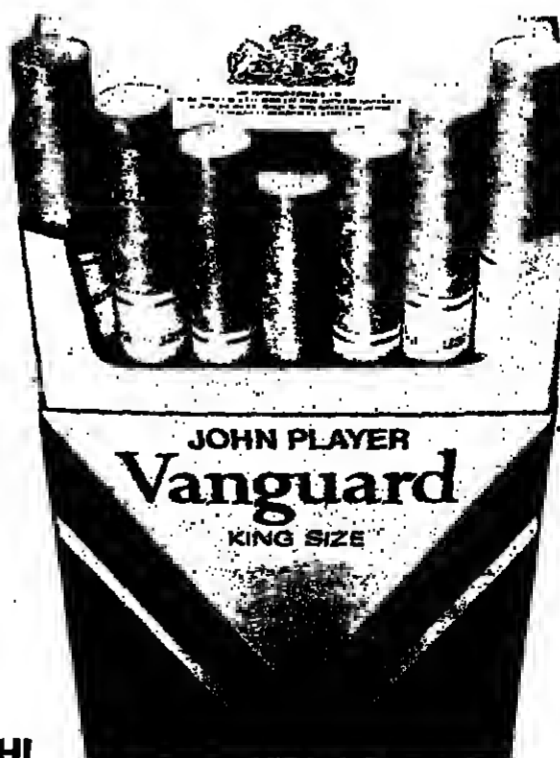
# Middle Tar Taste at Low Tar

70% of middle tar smokers sampled thought new Low Tar Vanguard matched the taste of their regular brand.

Extensive survey — In a major survey carried out by an independent market research company, middle tar smokers confirmed that Vanguard matched the taste of their regular brands.

Satisfying tobaccos, new filter — A new tobacco blend and the special filter make sure that Vanguard is both easy to draw and gives full-bodied taste.

NOW'S THE TIME TO SWITCH!



SPECIAL INTRODUCTORY PRICE

70p

Price recommended for packs marked Special Price



## Vanguard—Low Tar with Middle Tar Taste

The tar yield of this brand is designed to be LOW TAR Manufacturer's estimate, January 1980, of group as defined in H.M. Government Tables.

H.M. Government Health Departments' WARNING: CIGARETTES CAN SERIOUSLY DAMAGE YOUR HEALTH

# INTERNAL MEMORANDUM

To: THE FINANCIAL DIRECTOR  
From: HEAD OF ACCOUNTS  
Re: EXPENSE ACCOUNTING

I would like to bring to your attention the situation in the Accounts Department regarding Expense Accounting.

Frankly, the job is getting on top of us.

The administrative time and effort involved in handling 100's, cash advances, travellers' cheques, foreign currencies, bills and petty cash vouchers would be better spent on more profitable business.

I have recently investigated the possibilities of company charge cards and would strongly recommend issuing a Company Barclaycard to each member of staff who regularly submits expense claims.

Not only would this greatly reduce paperwork, it would provide stricter control over who spends what, where, when and why.

Could you please ask your secretary to ring me so that we can fix an appointment to discuss this in more detail.

Incidentally, could you also ask her not to hang up if I don't answer immediately, as it takes me some time to find my telephone.

Over 10,000 companies already use the Company Barclaycard system. To find out why, post this coupon to: Company Barclaycard, Department 22, Barclaycard Centre, Northampton NN1 1SE. Or phone Northampton (0604) 21100 ext. 2160.

Name \_\_\_\_\_  
Position \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_



Company Barclaycard.

## Preussag turnover boosted by higher metal prices

BY JONATHAN CARR IN BONN

PREUSSAG, the diversified West German metals and energy company, is heading for another profitable year buoyed by improved metal prices and strong demand for oil and coal. The company's 1980 first quarter report speaks of higher (but unspecified) profits on group turnover of DM 942.1m (\$538m) against DM 678.7m a year earlier.

Preussag's metals division contributed greatly by virtually doubling first quarter sales to DM 417.8m from DM 209.4m last year. This exceptionally strong rise in the silver price—enough speculation in the precious metal market had somewhat succeeded by the quarter's end—was one factor in the gain.

In the transport sector, strong demand for both light and heavy

mineral oil products boosted Preussag's vehicle rental activities. Coal sales to power stations were also up.

Last year Preussag fought its way back to profitability and is paying a dividend (DM 7 per DM 100 share) for the first time since 1976.

Preussag parent company net profit last year totalled DM 44.1m, of which one half is being added to reserves. Group profit was DM 52.1m, up from DM 27.2m in 1978.

Generally buoyant domestic economic conditions helped boost group turnover 18.4 per cent to DM 3.2bn. Preussag's metals division last year accounted for nearly one-third of total turnover, against 26 per cent a year earlier because of higher metal prices. Coal accounted for one-quarter com-

## Creditor to take control of Eumig

By Paul Landavi in Vienna

EUMIG, the troubled Austrian camera group, is to be taken over by its main creditor in a move which would appear to raise considerably hopes for the company's survival.

Oesterreichische Laenderbank is to assume all rights of ownership of Eumig, which is one of the world's foremost makers of cine cameras and projectors. It is understood that efforts are being made to find a foreign partner for the company.

Eumig, whose operating losses last year totalled more than Sch. 400m (\$32m), owes the Laenderbank about Sch. 1.5bn. Further, large sums are understood to be needed to put the company back on a self-supporting basis.

Once the show-piece of the Austrian camera industry, Eumig ran into trouble in the late 1970s through a combination of low productivity in the face of Japanese competition, a currency which was too strong and an ill-fated move into cameras for instant cine films.

Rumours that further major dismissals have to be expected were confirmed by a night on Austrian television by the chief shop steward. During the last two years Eumig's 6,000-strong production staff has been reduced to 4,000.

Some 400 employees have already been given notice and it is taken for granted that at least 500 more, primarily in administration, will be sacked in the near future.

By 1981 Eumig's labour is expected to be reduced to 3,000 and the range and variety of products drastically reduced. Last year Eumig still ranked as the world's largest manufacturer of projectors with almost 4m units in addition to 60,000 cine-cameras.

The company last year had a turnover of Sch. 1.3bn. The management hopes that the Laenderbank's move will prompt the federal and the provincial authorities to help in Eumig's reorganisation.

## JAPANESE STEELMAKERS

# Nippon Steel leads buoyant results

BY MARK MEREDITH IN TOKYO

NIPPON STEEL, the world's largest steelmaker, more than doubled profits in the year to March.

Strong domestic demand, increased export prices, the benefits of rationalisation, and energy-saving measures, as well as a favourable yen rate are behind a buoyant set of annual reports due from the industry this week, led yesterday by Nippon.

Nippon Steel recorded a profit of ¥105.7bn (\$473m) after tax, up 133.9 per cent from ¥45.2bn in the 1978-79 fiscal year, on sales of ¥2,845bn (\$12.7bn) up 17.9 per cent. Exports increased 29 per cent to ¥958bn and total crude steel production was 33.5m tonnes, compared with 31.9m the previous year.

Nippon Kokan KK, the country's second-ranked steelmaker, has announced profits for the same period of ¥25.1bn, up 143.5 per cent, on sales of ¥1,310bn, an

increase of 13.4 per cent over the previous fiscal year.

Results from Kawasaki, Sumitomo and Kobe Steel are also expected this week.

Reflecting the generally low international demand for steel, Japan's steel industry is still producing at only 70 per cent of capacity. But steel is presently reaping the rewards of its intensive investments in rationalisation and fuel saving over the past five years, to reduce dependence on oil and survive the decline demand.

Despite this, export prices over the past fiscal year rose through the \$500 a tonne mark, despite general stability in domestic Japanese prices. Nippon Steel in the first half of the fiscal year was able to increase export prices by \$30.

Overall sales prices of steel products, it said, rose on an average of ¥37.419 per tonne,

from ¥78,547 a year earlier. Nippon Steel increased the yearly dividend per share to ¥5, from ¥4. Nippon Kokan raised its dividend to ¥4, from ¥3.

As a result of higher priced oil and raw materials, as well as an increased interest burden, Nippon Steel said that it was unable to forecast after-tax profits and sales for the current year.

Production costs were expected to rise about ¥11,100 over last year for every tonne of steel produced.

Nippon Kokan expects its profit before tax and special items for the first half-year, ending in September, to be almost unchanged from the ¥21.76bn of the preceding six months. A company official said, however, that it was premature to forecast business results for the full year ending next March 31, because of uncertain factors

including the export outlook and the effect of higher oil and raw material prices.

Sales in the first half-year were expected to rise slightly, to about ¥710bn, from ¥700.70bn in the preceding six months. Sales of steel products would rise to about ¥600bn from ¥579.70bn, while those of ships and plant would fall to about ¥110bn from ¥121.00bn.

Total sales of Nippon Kokan in 1979-80 included ¥1,110bn of steel, up from ¥994.19bn a year earlier, and ¥205.01bn of ships and plant, down from ¥221.94bn. Exports totalled ¥425.77bn, against ¥359.79bn. Orders for ships and plant received last year rose sharply, to ¥331.89bn, from ¥189.35bn. The company sold 48 ships, totalling 254,000 dw tons worth ¥59.78bn in the year, against 21 ships of 401,000 dw tons, worth ¥75.17bn.

## Schering forecasts recovery

BY LESLIE COLTIT IN BERLIN

SCHERING, THE West Berlin-based pharmaceuticals and chemicals group whose profits dipped sharply last year, expects to do better in 1980.

Sales growth of 4.5 per cent planned for this year will "in all likelihood" be surpassed, the group said yesterday. Turnover of its parent company was up 17.3 per cent for the first four months of 1980, it said.

Group after tax profits last year fell to DM 57.7m (\$33m) from DM 88.4m, but the dividend is being held at DM 9 per share. Herr Karl Mittelsten-scheidt, chairman, said the Board was "not satisfied" with the company's performance last year which had fallen behind that of the German chemical

industry. However, he noted that the company tended to develop less buoyantly than the industry as a whole to boom years but did better than average during depressions.

Schering, which accounts for some 40 per cent of the western world's sales of birth control pills, had a decline of 1.5 per cent in domestic drug sales but higher exports led to a 2.7 per cent rise in pharmaceuticals sales which totalled 42 per cent of total sales compared with 50 per cent in 1978.

In the first four months of this year domestic sales rose 20.4 per cent while exports were up 15.1 per cent.

Group sales last year advanced 21.4 per cent to DM 2.7bn but for

the first time included the newly acquired Diamond AG of Munich and Schering Chemical Company in the U.S. Without them world-wide sales would have risen 6.6 per cent.

The company is asking shareholders to approve a convertible bond of up to \$75m in order to pay off the short-term loans which partly financed the purchase of its new American subsidiaries. Over the past 18 months Schering has bought three American companies and now has U.S. production facilities.

Sales to Japan, Schering's largest export market, rose 10 per cent but the decline of the yen against the Deutsche Mark led to losses

## Rights issue by Dutch insurer

BY CHARLES BATCHELOR IN AMSTERDAM

AMEV, THE Dutch insurance group, yesterday revealed plans for a major rights issue of both ordinary and preference shares to fund its recently announced acquisitions in Australia and the U.S.

The company will make a one-for-five issue of ordinary shares with a nominal value of Fl 14.96m (\$7.4m) at a price which will be announced later. It will simultaneously place Fl 9.96m nominal of preference shares, 10 per cent paid up, at par with existing holders of preference shares.

The ordinary shares to be issued had a market value yesterday of Fl 148.1m.

Funds raised will be used

mainly to finance the purchase of United Dominions Trust (Australia) of Sydney and the expected acquisition of Inter-financial of Atlanta, Georgia. The internationalisation of Amev's business has led to increasing demand for the company's shares abroad, it was stated.

Amev, which is the second largest Dutch insurance group, also reports a 18 per cent rise in net profit to Fl 24.7m for the first quarter of 1980 on turnover 13 per cent higher at Fl 835m (\$423m). It expects profits for the year as a whole to rise by more than 10 per cent from the Fl 15.1m net achieved in 1979.

Pre-tax profit rose 22 per cent

to Fl 35.4m in the quarter. In the life insurance division pre-tax profit was 28 per cent higher while non-life profits rose 42 per cent. Non-insurance activities saw profits fall 27 per cent.

Nationale Nederlanden lifted revenues by 14 per cent in the first quarter of 1980 against an 11 per cent increase a year earlier, the company announced yesterday.

Excluding currency movements first quarter revenues rose 12 per cent while the increase in costs remained well below that in revenues. The company, Holland's largest insurance group, confirmed that net profits this year will grow by at least 10 per cent.

## Agence Havas buys 10% of Publicis

By David White in Paris

AGENCE HAVAS, a State-controlled concern which runs the largest advertising network, has confirmed reports that it had bought a stake of more than 10 per cent in its main rival, Publicis, by buying shares on the stock market.

The news brought a sharp reaction from Publicis, which said it had been neither consulted nor informed of the purchases, the cost of which is estimated to have been in the region of FFrs 250m.

M. Marcel Bleustein-Blanchet, the 73-year-old chairman and founder of Publicis, said that this "unilateral initiative" would not interfere with his personal control over the company. M. Bleustein-Blanchet holds 73.5 per cent.

Although this would seem to preclude the purchase of a larger stake, the move is seen as an attempt to fend off the possibility of a foreign takeover of Publicis. The share-purchase could not have gone ahead without at least tacit consent from the State, which holds 56 per cent in Agence Havas.

Agence Havas, which is also involved in the travel business and in publishing had turnover of FFrs 4.14bn in 1978. The turnover of Publicis in the same year was FFrs 2.57bn.

M. Bleustein-Blanchet's strong opposition to having the State-controlled group as shareholder led to speculation that the minority stake might later be sold to another private sector group acceptable to both sides.

The share purchases, made discreetly through a subsidiary of Agence Havas, Société Nationale d'Investissement pour la Publicité, were disclosed in a trade magazine at the weekend.

## Improved earnings at Ajinomoto

By Yoko Shibata in Tokyo

AJINOMOTO, the Japanese manufacturer of monosodium glutamate for food products and amino acid chemicals, has reported operating profits up by 14.3 per cent to ¥21.84bn (\$977m) for the year to March, up from ¥19.11bn (\$821m) a year earlier.

Seasonings accounted for 23 per cent of sales; amino acids for 9 per cent; and food stuffs for 35 per cent. Exports accounted for 6.8 per cent of sales, having advanced by 14 per cent.

## Modernisation plans for Tata Iron and Steel

BY R. C. MURTHY IN BOMBAY

TATA IRON and Steel Company (TISCO), has launched a Rs 3,400m (\$442m) modernisation programme. The plan envisages replacing over the next four years half of TISCO's steel making capacity by a new plant employing the oxygen steel making process, and setting up a new oxygen plant and a re-rolling plant to serve the new oxygen steel making shop. Two existing steel making shops, one commissioned in 1912 and the other in 1923, will be scrapped and a saving of Rs 70m a year will be achieved on fuel oil alone.

At an extraordinary general meeting, Mr. J. R. D. Tata, the chairman, said the company had approached International Finance Corporation of the U.S. for a foreign currency loan equal to Rs 550m and a rupee loan of Rs 1,250m is being sought from the Government's Steel Development Fund, which was established by a levy on domestic steel prices.

TISCO, the only private sector steel unit in the country, was exempted from the loan-to-equity convertibility clause (which is incorporated in all agreements of loans given by financial institutions) when a Rs 300m loan was sanctioned under negotiation last year for captive coking coal mines development. The convertibility clause will not apply, says TISCO, for the loans under, since the sources of finance are not termed financial institutions.

The company will also go ahead with its Rs 1,400 normal rolling programme of replacement, which will be financed by internal resources.

The modernisation programme will add 200,000 tonnes to steel production capacity, compared with the 108,000 tonnes envisaged in the original project report. It will generate an additional gross trading profit of Rs 500m a year from 1985 onwards.

## Sharp rise at Texmaco

BY OUR BOMBAY CORRESPONDENT

TEXMACO, a Birla-owned engineering company, has reported a 35 per cent rise in sales for 1979 to Rs 370.2m (\$48m) from Rs 273.5m a year earlier. The improvement was primarily the result of higher production in textile machinery, rolling stock, and structural divisions. Pre-tax profits rose by 31.40 per cent to Rs 18.32m (\$2.1m) from Rs 14.24m in 1978.

The reduced profit margin, says Mr. K. K. Birla, Texmaco's chairman, came from the increased cost of inputs following "rampant inflation" and a substantial increase in the salaries and wages bill. The

company has maintained the dividend for 1979 at 15 per cent.

Texmaco has diversified into the manufacture of chemical machinery by the acquisition of Modern India Construction Company, which had entered into technical collaboration with Lurgi for producer gas plants manufacture. The company has secured permission from the Government to set up a cement plant, which was the only field allowed by the Jaunta Government to big business houses (defined in terms of total assets of Rs 200m and above). It is exploring the possibility of importing cement plant to reduce the commissioning time of the project.

## Swedish shipping groups in talks

By Victor Kayfetz in Stockholm

TWO SWEDISH shipping groups, Broström and Transatlantic, have appointed a joint project group "to examine without preconditions the potential for closer collaboration." A report is due this autumn. "But this is absolutely not a question of a merger," Mr. Paul Pålsson, Broström's managing director, said.

Broström and Transatlantic, both based in Gothenburg, already work together in North Sea traffic through the recently created Tor Line in product tankers through the Crown carriers pool; in container traffic through ACL; and in domestic freight through ASG and Scanfreight.

"The next step in our collaboration is not as simple and easy as those previously agreed upon, which is why we have appointed the project group," Mr. Pålsson added.

## ITT Portuguese offshoot plans to cut 212 jobs

BY JIMMY BURNS IN LISBON

ITT, the U.S. communications and electronics company, is to cut 212 jobs at its troubled Portuguese subsidiary Standard Telecommunications.

The Portuguese Government said yesterday that it had agreed to the redundancies to save the jobs of the remaining 2,500 workers at Standard whose jobs were threatened by the company's losses.

Standard said yesterday that the parent company would be issuing a formal statement in New York within the next three days. No further details have been made available. However, the redundancies are believed to be part of a financial recovery plan agreed to earlier this month after more than a year of talks between Government officials and ITT.

The 212 workers belong to Standard's semiconductor division which lost Es 125m (\$2.6m) in 1978, the latest figures available. The division is expected to be closed with the remaining 600 workers transferred to other

sectors of the company. Standard makes nearly half of the main exchange equipment in Portugal, and has an expanding division in television manufacturing. In 1978 the company incurred total losses of Es 1,07m. ITT has a number of other interests in Portugal including hotels.

ITT withdrew its top management from Standard during the revolutionary upheavals in 1975. The company is believed to have agreed to assume full responsibility for its subsidiary and to increase its investment in Portugal. In return the Government has agreed to a package of financial and fiscal incentives and to the trimming of Standard's labour force.

Dollfus bond issue

Dollfus-Mieg, a French textile group, intends to issue a convertible bond to raise FFrs 70m. Net consolidated income in 1979 was FFrs 64.3m compared with a loss of FFrs 14.8m in 1978.

## WEST GERMAN MOTOR INDUSTRY

# Goliath gets to grips with Volkswagen

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A PILOT project which involved the introduction of 60 fully automatic, computer-controlled robots at Volkswagen's commercial vehicle factory in Hanover has been so successful that the system will gradually be introduced to the group's other plants both in Europe and overseas.

VW is nearing the completion of a DM 450m (\$237m) investment programme at Hanover. The outlay covered the introduction of a new version of its Transporter light van as well as plant rationalisation.

The gradual build-up of production of the new Transporter provided an ideal opportunity for VW to study the impact of the introduction of the robots, particularly the social implications, but also whether the robot maintenance problems could be coped with.

About 300 of the plant's 22,000 employees were directly affected by the change. Most of them were welders because the robots—the big ones have

been called "Gollies" (for Goliath)—are being used for body shell construction and replaced the manual welding lines.

VW had to add another 50 people to its maintenance staff at Hanover to handle the robots so the machines, in fact, "replaced" roughly 250 people.

The robots give great flexibility to production and are handling the 3,000 or so different variations of Transporters made at Hanover.

"It makes the robots itself (but not the control equipment) and has delivered some to other companies. The cost is around DM 250,000 each complete with the controls.

The Hanover plant, VW's second-largest in Germany, is capable of only a little further expansion and is running very near to capacity. However, there are so far no plans for a further commercial vehicle plant in Germany.

Instead, VW's drive to build

up its commercial vehicle business will be concentrated outside Europe in the early 1980s. The main emphasis will be in South America. In Brazil and Argentina VW has in the past year acquired majority holdings in companies formerly owned by Chrysler of the U.S. for an estimated \$100m. It will use the plants to make commercial vehicles. And in Peru it has won the concession to build medium-weight (5 to 6.5 tons) commercials for the Andean Pact countries.

To help cope with the move to production outside Germany, VW has recently set up a separate commercial vehicles sales and marketing division—the first time the group has formally separated cars and commercial vehicles—even though it has been manufacturing the latter since 1956.

VW expects to be able to harmonise production in Brazil and Argentina and to have a considerable exchange of components and sub-assemblies

between the two plants.

They will make the 6-to-9 ton trucks developed by VW in co-operation with its West German neighbour MAN.

In Latin America, however, VW might take its truck range to 15 tons. "We should have the capability to build our own heavier trucks in those parts of the world where MAN is not represented and where imports are restricted," commented Mr. Gustav Mayer, who heads VW's commercial vehicle operations.

The group also finds the prospect of making commercial vehicles in Mexico an attractive proposition. The problem there, however, is that only companies more than 50 per cent owned by Mexicans can obtain a licence to make diesel engines and there are not many industrial organisations of a size able to co-ordinate the investment which would be required for a VW venture.

VW might link with Chrysler's Mexican subsidiary, which is successful, has liquid funds

and makes Perkins diesels under licence. But there is no guarantee that output of the engines will continue indefinitely because the Mexican authorities could rescind the production licence at any time.

Last year VW's commercial vehicle output in Germany went down from 93,000 to 92,000, a planned reduction caused by the launch of the new Transporter.

Output of the Transporter has reached capacity level of 700 a day but the Hanover plant could be made to handle up to 230 of the bigger LT vans a day, compared with the current 160, with minor alterations.

Production of the VW-MAN co-operative vehicles is split between Hanover and the MAN plant at Salzgitter roughly on a 75 per cent/25 per cent basis. At Hanover the current output is 15 a day (one morning shift only) but should reach 45 a day next year and could ultimately be stepped up to 60.

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In accordance with the provisions of the Notes, notice is hereby given that for the sixth month Interest Period from 29th May, 1980 to 28th November, 1980, the Notes will carry an interest rate of 10 1/2% per annum and the Coupon Amount per U.S. \$1,000 will be U.S. \$51.15.

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In accordance with the provisions of the Agent Bank agreement between Bilbao International N.V., Banco de Bilbao, S.A. and Citibank, N.A., dated May 27, 1980 notice is hereby given that the Rate of Interest for the initial interest period has been fixed at 10 1/2% p.a. and that the interest payable on the relevant Interest Payment Date, November 28, 1980 against Coupon No. 1 in respect of US\$5,000 nominal amount of Notes will be US\$255.76 and has been computed on the actual number of days elapsed (183) divided by 360.

May 30, 1980  
By: Citibank, N.A., London, Agent Bank

**CITIBANK**

1550

# WORLD VALUE OF THE DOLLAR

Bank of America NT &amp; SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, May 28, 1980. The exchange rates listed are for the U.S. dollar against the currencies of the countries listed. The rates are quoted in U.S. dollars per unit of the foreign currency. The rates are for the U.S. dollar against the currencies of the countries listed. The rates are for the U.S. dollar against the currencies of the countries listed.

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghan Af	44.00	Greenland	Danish Krone	5.8292	Papua N. Guinea	Guinea	0.87
Albania	Alban Lek	4.2878	Grenada	E. Caribbean \$	5.7082	Paraguay	Guarani	127.50
Algeria	Dinar	3.2825	Guadeloupe	Local Franc	4.1225	Peru	Soles	0.3416
Andorra	Spanish Peseta	4.1225	Guatemala	Quetzal	1.00	Philippines	Phil. Peso	7.5055
Angola	Kwanza	20.480	Guinea	Guinea	53.5355	Puerto Rico	U.S. Dollar	1.00
Antigua	East Caribbean \$	2.7025	Guinea-Bissau	Escudo	18.7547	Romania	Lei	2.25
Argentina	Argentine Peso	1812.00	Dominican	Dominican \$	5.8385	Rwanda	Rwanda	2.25
Australia	Australian \$	0.7577	Haiti	Gourde	0.00	S. Africa	Rand	0.6935
Austria	Schilling	13.7603	Honduras	Lempira	0.00	Spain	Peseta	166.64
Azores	Portug. Escudo	48.85	Hong Kong	H.K. \$	4.25	Sweden	Krona	4.66
Bahamas	Bahamian \$	1.00	Hungary	Forint	32.0022	Switzerland	Franc	0.703
Bahrain	Dinar	0.5778	Iceland	Iceland Krona	40.70	Taiwan	New Taiwan \$	0.20
Barbados	Barbados \$	0.5778	India	Indian Rupee	7.4603	Tanzania	Tanzanian Shilling	0.35
Belgium	B. Franc	36.36	Indonesia	Rupiah	633.00	Togo	CFA Franc	0.20
Belize	Belize \$	0.5778	Iran	Rial	74.00	Tonga	Pangloss	0.35
Benin	C.F.A. Franc	0.20	Iraq	Iraqi Dinar	2.0072	Trinidad	Trinidad \$	0.20
Bermuda	Bermudian \$	0.5778	Israel	Israeli New Sheqel	4.536	Tunisia	Dinar	0.20
Bhutan	Indian Rupee	7.4603	Italy	Lira	366.00	Turkey	Lira	0.20
Bolivia	Bolivian Peso	50.00	Jamaica	Jamaican Dollar	1.7835	U.S.A.	Dollar	1.00
Bosnia	Bosnian \$	0.5778	Japan	Yen	360.00	Uruguay	Peso	0.20
Brazil	Cruzado	200.00	Jordan	Jordanian Dinar	0.5778	U.S.S.R.	Ruble	0.00
Brunei	Brunei \$	0.5778	Kampuchea	Riel	0.00	U.S.S.R.	Ruble	0.00
Burma	Kyat	0.00	Kazakhstan	Kazakhstani Tenge	0.00	U.S.S.R.	Ruble	0.00
Cameroon	C.F.A. Franc	0.20	Korea (N)	Won	0.00	U.S.S.R.	Ruble	0.00
Canada	Canadian \$	0.7577	Korea (S)	Won	0.00	U.S.S.R.	Ruble	0.00
Cape Verde	Cape Verde \$	0.5778	Kuwait	Kuwaiti Dinar	0.5778	U.S.S.R.	Ruble	0.00
Cayman Islands	Cayman \$	0.5778	Lao P.D.R.	Kip of Lib.	400.00	U.S.S.R.	Ruble	0.00
Central Am. Rep.	C.F.A. Franc	0.20	Lebanon	Lebanese Pound	0.00	U.S.S.R.	Ruble	0.00
Chad	C.F.A. Franc	0.20	Lesotho	Loti	0.00	U.S.S.R.	Ruble	0.00
Chile	Chilean Peso	0.00	Libya	Libyan Dinar	0.00	U.S.S.R.	Ruble	0.00
China	Renminbi Yuan	0.00	Liechtenstein	Swiss Franc	0.00	U.S.S.R.	Ruble	0.00
Colombia	Col. Peso	0.00	Luxembourg	Lux Franc	0.00	U.S.S.R.	Ruble	0.00
Costa Rica	Costa Rican \$	0.00	Macao	Pataca	0.00	U.S.S.R.	Ruble	0.00
Cuba	Cuban Peso	0.00	Madagascar	Malagasy Franc	0.00	U.S.S.R.	Ruble	0.00
Cyprus	Cyprus Pound	0.00	Malawi	Malawi Shilling	0.00	U.S.S.R.	Ruble	0.00
Czechoslovakia	Czechoslovak \$	0.00	Malaysia	Ringgit	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	Maldives	Maldivian Rufiyaa	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	Mali	Mali Franc	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	Malta	Maltese Pound	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	Mauritania	Mauritanian Ouguiya	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	Mauritius	Mauritian Rupee	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	Mexico	Mexican Peso	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	Moldavia	Moldovan Leu	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	Morocco	Moroccan Dirham	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	Mozambique	Mozambique Escudo	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	Namibia	Namibian Dollar	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	Nepal	Nepalese Rupee	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	Netherlands	Dutch Guilder	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	Netherlands Antilles	Antillean Guilder	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	New Hebrides	N.F. Franc	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	New Zealand	N.Z. \$	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	Nicaragua	Cordoba	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	Niger	Niger CFA Franc	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	Nigeria	Naira	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	Norway	Norwegian Krone	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	Oman	Rial	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	Pakistan	Pakistani Rupee	0.00	U.S.S.R.	Ruble	0.00
Dominican Rep.	Dominican \$	0.00	Panama	Balboa	0.00	U.S.S.R.	Ruble	0.00

(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports. (3) Egypt—A different rate applies to certain transactions with non-IMF countries. (4) Israeli Government is changing its currency to Sheqel. However, dealers are currently quoting in pounds. (5) Iranian Rial is now fixed at 2.25 per \$0.10 Rial effective May 22, 1980. New rate 74.00.

## Companies and Markets

# CURRENCIES, MONEY and GOLD

The dollar continued to improve in currency markets yesterday. The dollar's quiet trading, with little in the way of fresh factors to stimulate much movement, Euro-dollar rates showed a slightly firmer tendency ahead of the month end. The dollar's quiet trading, with little in the way of fresh factors to stimulate much movement, Euro-dollar rates showed a slightly firmer tendency ahead of the month end.

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### THE POUND SPOT AND FORWARD

May 29	Day's Spread	Close	One month	% Three months
U.S.	2.3435-2.3500	2.3480-2.3470	1.55-1.56 pm	7.67 4.00-3.90 pm
Canada	2.7180-2.7250	2.7215-2.7225	1.25-1.26 pm	6.29 3.25-3.35 pm
Netherlands	2.5250-2.5300	2.5275-2.5285	1.00-1.01 pm	5.57 2.50-2.60 pm
Denmark	8.50-8.51	8.50-8.51	1.00-1.01 pm	5.57 2.50-2.60 pm
Belgium	1.25-1.26	1.25-1.26	1.00-1.01 pm	5.57 2.50-2.60 pm
France	1.25-1.26	1.25-1.26	1.00-1.01 pm	5.57 2.50-2.60 pm
Italy	1.25-1.26	1.25-1.26	1.00-1.01 pm	5.57 2.50-2.60 pm
Spain	1.25-1.26	1.25-1.26	1.00-1.01 pm	5.57 2.50-2.60 pm
Portugal	1.25-1.26	1.25-1.26	1.00-1.01 pm	5.57 2.50-2.60 pm
Sweden	1.25-1.26	1.25-1.26	1.00-1.01 pm	5.57 2.50-2.60 pm
Switzerland	1.25-1.26	1.25-1.26	1.00-1.01 pm	5.57 2.50-2.60 pm

### THE DOLLAR SPOT AND FORWARD

May 29	Day's Spread	Close	One month	% Three months
U.K.	2.3435-2.3500	2.3480-2.3470	1.55-1.56 pm	7.67 4.00-3.90 pm
U.S.	2.3435-2.3500	2.3480-2.3470	1.55-1.56 pm	7.67 4.00-3.90 pm
Canada	2.7180-2.7250	2.7215-2.7225	1.25-1.26 pm	6.29 3.25-3.35 pm
Netherlands	2.5250-2.5300	2.5275-2.5285	1.00-1.01 pm	5.57 2.50-2.60 pm
Denmark	8.50-8.51	8.50-8.51	1.00-1.01 pm	5.57 2.50-2.60 pm
Belgium	1.25-1.26	1.25-1.26	1.00-1.01 pm	5.57 2.50-2.60 pm
France	1.25-1.26	1.25-1.26	1.00-1.01 pm	5.57 2.50-2.60 pm
Italy	1.25-1.26	1.25-1.26	1.00-1.01 pm	5.57 2.50-2.60 pm
Spain	1.25-1.26	1.25-1.26	1.00-1.01 pm	5.57 2.50-2.60 pm
Portugal	1.25-1.26	1.25-1.26	1.00-1.01 pm	5.57 2.50-2.60 pm
Sweden	1.25-1.26	1.25-1.26	1.00-1.01 pm	5.57 2.50-2.60 pm
Switzerland	1.25-1.26	1.25-1.26	1.00-1.01 pm	5.57 2.50-2.60 pm

### CURRENCY RATES

May 29	Bank Rate	Special Rights	European Unit	May 29	Bank of England	Index
U.S.	1.5181	1.5181	1.5181	U.S.	1.5181	1.5181
Canada	1.25-1.26	1.25-1.26	1.25-1.26	Canada	1.25-1.26	1.25-1.26
Netherlands	1.00-1.01	1.00-1.01	1.00-1.01	Netherlands	1.00-1.01	1.00-1.01
Denmark	1.00-1.01	1.00-1.01	1.00-1.01	Denmark	1.00-1.01	1.00-1.01
Belgium	1.00-1.01	1.00-1.01	1.00-1.01	Belgium	1.00-1.01	1.00-1.01
France	1.00-1.01	1.00-1.01	1.00-1.01	France	1.00-1.01	1.00-1.01
Italy	1.00-1.01	1.00-1.01	1.00-1.01	Italy	1.00-1.01	1.00-1.01
Spain	1.00-1.01	1.00-1.01	1.00-1.01	Spain	1.00-1.01	1.00-1.01
Portugal	1.00-1.01	1.00-1.01	1.00-1.01	Portugal	1.00-1.01	1.00-1.01
Sweden	1.00-1.01	1.00-1.01	1.00-1.01	Sweden	1.00-1.01	1.00-1.01
Switzerland	1.00-1.01	1.00-1.01	1.00-1.01	Switzerland	1.00-1.01	1.00-1.01

### OTHER CURRENCIES

May 29	Bank Rate	Special Rights	European Unit	May 29	Bank of England	Index
U.S.	1.5181	1.5181	1.5181	U.S.	1.5181	1.5181
Canada	1.25-1.26	1.25-1.26	1.25-1.26	Canada	1.25-1.26	1.25-1.26
Netherlands	1.00-1.01	1.00-1.01	1.00-1.01	Netherlands	1.00-1.01	1.00-1.01
Denmark	1.00-1.01	1.00-1.01	1.00-1.01	Denmark	1.00-1.01	1.00-1.01
Belgium	1.00-1.01	1.00-1.01	1.00-1.01	Belgium	1.00-1.01	1.00-1.01
France	1.00-1.01	1.00-1.01	1.00-1.01	France	1.00-1.01	1.00-1.01
Italy	1.00-1.01	1.00-1.01	1.00-1.01	Italy	1.00-1.01	1.00-1.01
Spain	1.00-1.01	1.00-1.01	1.00-1.01	Spain	1.00-1.01	1.00-1.01
Portugal	1.00-1.01	1.00-1.01	1.00-1.01	Portugal	1.00-1.01	1.00-1.01
Sweden	1.00-1.01	1.00-1.01	1.00-1.01	Sweden	1.00-1.01	1.00-1.01
Switzerland	1.00-1.01	1.00-1.01	1.00-1.01	Switzerland	1.00-1.01	1.00-1.01

### EMS EUROPEAN CURRENCY UNIT RATES

May 29	Bank Rate	Special Rights	European Unit	May 29	Bank of England	Index
U.S.	1.5181	1.5181	1.5181	U.S.	1.5181	1.5181
Canada	1.25-1.26	1.25-1.26	1.25-1.26	Canada	1.25-1.26	1.25-1.26
Netherlands	1.00-1.01	1.00-1.01	1.00-1.01	Netherlands	1.00-1.01	1.00-1.01
Denmark	1.00-1.01	1.00-1.01	1.00-1.01	Denmark	1.00-1.01	1.00-1.01
Belgium	1.00-1.01	1.00-1.01	1.00-1.01	Belgium	1.00-1.01	1.00-1.01
France	1.00-1.01	1.00-1.01	1.00-1.01	France	1.00-1.01	1.00-1.01
Italy	1.00-1.01	1.00-1.01	1.00-1.01	Italy	1.00-1.01	1.00-1.01
Spain	1.00-1.01	1.00-1.01	1.00-1.01	Spain	1.00-1.01	1.00-1.01
Portugal	1.00-1.01	1.00-1.01	1.00-1.01	Portugal	1.00-1.01	1.00-1.01
Sweden	1.00-1.01	1.00-1.01	1.00-1.01	Sweden	1.00-1.01	1.00-1.01
Switzerland	1.00-1.01	1.00-1.01	1.00-1.01	Switzerland	1.00-1.01	1.00-1.01

3 months.....	15 1/2-15 3/4	9 1/2-10 1/2	10 1/2-10 3/4	10 3/4-11	
6 months.....	15-15 1/4	9 1/2-10 1/2	10 1/2-10 3/4	10 3/4-10 3/4	

Long-term Eurodollar two years 10 1/2-11 1/4 per cent; three years 10 1/2-10 3/4 per cent; short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen.

## EXCHANGE CROSS RATES

May 99	Pound Sterling	U.S. Dollar	Deutschmark	Japanese Yen
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# THE PROPERTY MARKET BY MICHAEL CASSELL

## Rents fail to beat inflation

COMMERCIAL RENTS are now growing more slowly than they have done since the start of 1978 and they continue to lag well behind the rate of inflation.

The latest Investors Chronicle-Hillier Parker rent index shows that average commercial rental values in the six months up until May were rising at a fairly buoyant 15 per cent, though they actually fell by nearly 5 per cent if inflation was taken into account.

The index clearly charts the relatively poor current performance of the retail sector, which had previously led the field in terms of rental growth since 1977. It suggests that, in the period under review, average shop rents rose by just under 11 per cent (little more than half the rate recorded in the six months before) and some observers expect to see the shops sector lose further ground as the recession bites deeper.

According to the latest figures, the regional pattern of shop rental growth is mixed, with only inner suburban London and the south-east region beyond the capital showing rises comparable with the increase in inflation. Central London continues to show sluggish growth, which would have been even poorer but for rises in "fringe" centres like Victoria and Cheapside.

The index shows that average

rental values for office space grew by 16½ per cent over the latest six-month period, while those for industrial properties rose by a little under 19 per cent. For the second successive half-year, average rents on all types of properties showed a negative growth once inflation was taken into account.

Despite growing signs that the industrial market is now weakening and could face a difficult period ahead, the sector has up until now continued to perform very well and the recent rate of rental growth was, with the exception of the same period a year earlier, the highest recorded by the index since 1973-74.

In the offices market, the rise in rental values has taken place mainly in central London, with increases over the last six months running at an annual rate of more than 31 per cent in the Holborn-Marylebone district. The West End was close behind, showing an average 26 per cent rise while the central City area could only record an increase equating to 17 per cent a year.

There is some evidence in the figures to support the popular theory that the gap between City and West End rents is slowly narrowing and the index itself tends to suggest that this trend has been developing for the past 18 months.

## Land Securities scheme pre-let

LAND SECURITIES (Management) has pre-let 51-54 Gracechurch Street to ANZ Banking Group at a starting rent of over £500,000 a year with a review on completion. The deal is subject to about 8,500 sq ft being sub-let to existing tenants.

The building, owned by London Real Property — a Land Securities subsidiary — is being extensively refurbished and comprises just over 39,000 sq ft of office space. There is a banking hall on the ground floor and seven upper office floors. ANZ, which plans to move in during 1981, will continue to occupy the adjacent building, Weatherall Green and Smith advised ANZ and Land Securities Management represented the landlords.

Coca-Cola Export Corporation is to take English Property Corporation's development on the site of the former Postings department store in Kensington High Street, W8. It will pay an initial rent of £335,902 a year for the 31,240-sq-ft building, based on a 25-year lease with five year reviews. Edward Erdman acted for EPC and Smith Metzack advised Coca-Cola.

Hoare Govett has taken a 25-year lease at an initial rent of £7,080 a year on 2,575 sq ft of light industrial space at 79, Farringdon Road, EC1. The tenants were represented by Jones Lang Wootton.

then let 10, Cumberland Place, Southampton to Access for a rent of around £425 a sq ft. Carlton Real Estates has now contracted to sell the property to National Farmers Union Mutual Assurance Society for £310,000, which equates to a yield of 4.64 per cent. Carlton managing director Mark Keegan says the deal, which involves the company's first provincial period refurbishment, bears out his belief that there is a market for the "Haslemere" treatment in good provincial centres.

Winterite of Leeds have paid £562,000 for a mainly freehold but part leasehold single-storey factory complex in Gelderd Road, Leeds, from Cadbury Schweppes. The buildings, including a two-storey office block, extend to about 88,500 sq ft. Henry Butcher acted for Cadbury Schweppes and Roland Stross represented Winterite.

Laing Properties has handed over to Marks and Spencer its new Harrow store four months ahead of schedule. The 50,000 sq ft store should be open in mid-November and the supporting nine shops in Laing's Harrow town centre scheme should be ready for shopping in August. Also included in phase one of the scheme, being developed in partnership with the borough of Harrow, is Sheridan House, a 22,225 sq ft air conditioned

## Boston in Bishopsgate

THE First National Bank of Boston seems set to join Deutsche Bank at 6-8 Bishopsgate, the 24-storey building jointly developed by Baring Nominees.

Brothers and Electricity Supply. It appears that both Deutsche Bank and First National were initially bidding against each other to become major occupiers, along with Barings, at Bishopsgate, but the two parties — which enjoy close links — reached an agreement to resolve the situation.

Apparently Deutsche Bank, which needs fairly urgently to expand from its existing Moorgate premises, agreed that it would take about 70,000 sq ft of offices in the 150,000 sq ft building at a rent of close to £23.50 a sq ft and it would then sub-let space to First Bank of Boston.

## Dutch in doldrums

AGAINST a dull economic background with rising unemployment, high interest rates and mounting inflation, the Netherlands property market currently presents a mixed bag of opportunities for potential British investors.

But despite the comparatively bleak outlook a survey published this week by Savills says there is no shortage of ready buyers for good quality offices and shops and "opportunities to buy prime investments are few and far between."

In the short term the rental market may now be running out of steam. On retail space, which has recently been one of the most attractive sectors for overseas investors, Savills says: "Shop rents, having moved up over the past year, may well plateau for a time."

As in the UK, the effect of an unhealthy economy on investment intentions has to be set against localised shortages of prime properties and sites, which should help underpin capital values. The lack of good investment opportunities at home has led Dutch institutions to look increasingly overseas, particularly in the U.S., for property deals.

Prospect for offices appear mixed, with a strengthening of a two-tier market the most likely development. Savills note that offices outside the principal Randstad market are not greatly in demand but says that the position within the Randstad area — which embraces Amsterdam, Rotterdam and The Hague — is "somewhat different."

Top Amsterdam office rents, it says, are now standing at around £1 300-325 per sq metre compared with £1 170-200 per sq metre in provincial cities.

## Fareham goes ahead

SAMUEL PROPERTIES and Standard Life Assurance are going ahead with the second phase of the Fareham shopping centre in Hampshire.

The scheme will cost an estimated £6½m and should be finished by early 1982.

The development will comprise around 100,000 sq ft of retail space and car parking spaces for 240 vehicles. There will be a major store of 48,000 sq ft and 27 other shop units. No tenants have yet been lined up.

The first phase of the Fareham centre was completed at the end of 1976 at a cost of £7m and involved around 350,000 sq ft of enclosed retail space and an additional 20,000 sq ft of offices.

Tenants in phase one include Marks and Spencer, Boots and J. Sainsbury and there are 56 other stores. When tenants were signed up in 1976 annual rents of up to £15,000 a standard unit were achieved. The developers say it is too early to start talking about the cost of space in phase two.

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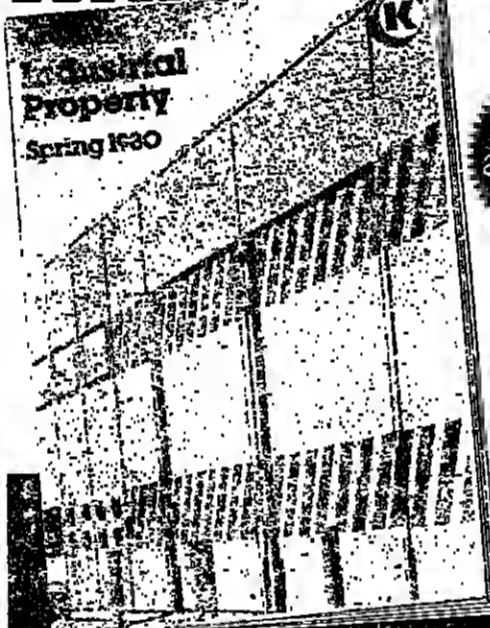
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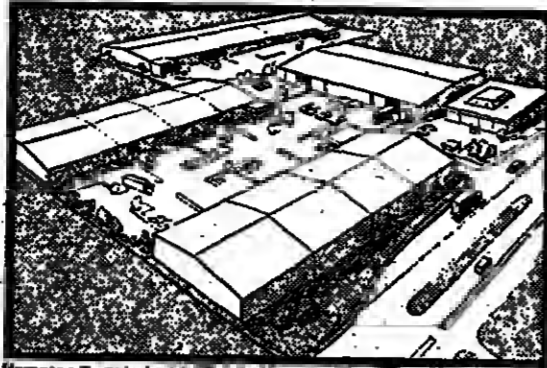
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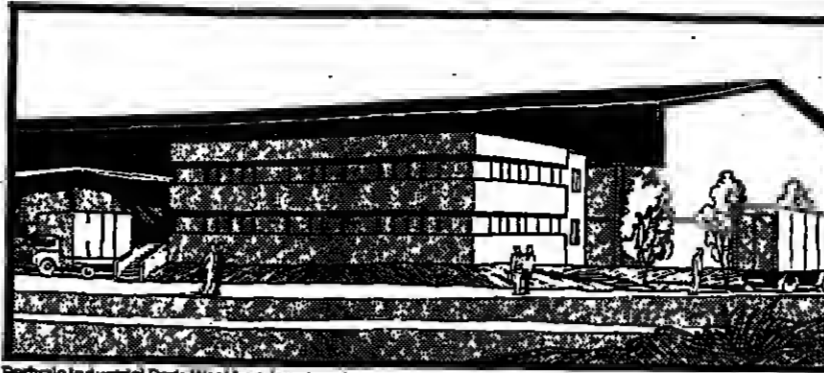
in areas: READING-SLOUGH-AYLESBURY  
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OCCUPATION BY DECEMBER 1980  
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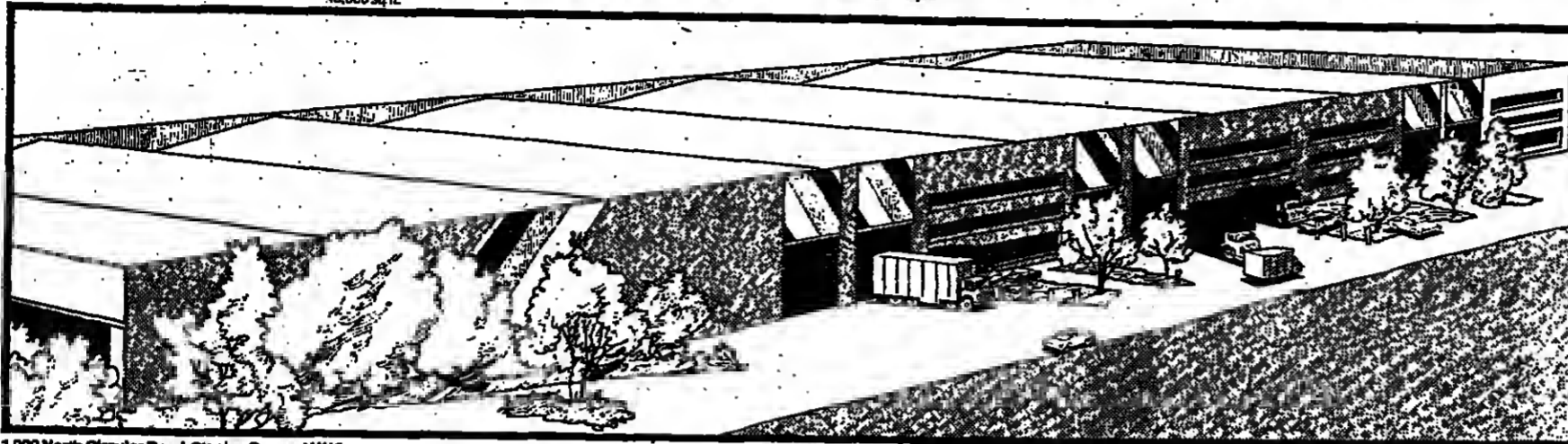
# Industrial/Commercial Property



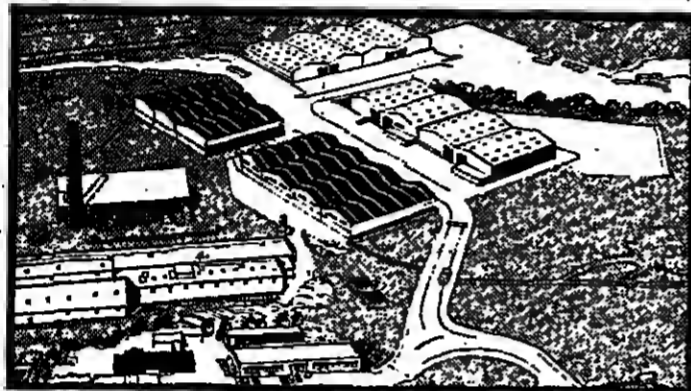
**Hampton Farm Industrial Estate, Hampton Road West, Hemworth**  
This new estate just off the A316 and close to the M3/A4. When completed in the autumn it will provide a total of 156,000 sq.ft. with units from 1,435 sq.ft. to 40,000 sq.ft.



**Perthvale Industrial Park, West London**  
A 25 acre development nearing completion, with 300,000 sq.ft. let, 70,000 available now. Units are from 5,700 sq.ft.



**1,000 North Circular Road, Staples Corner, N.W.2**  
At junction one of the M1 this development under construction has units from 5,500 sq.ft. totalling 255,000 sq.ft. available from June 1980.



**Whitehall Estate, Whitehall Road, Leeds**  
An estate in a prestigious location with freehold land for sale or units built to users requirements.



**Bow Industrial Park, Stratford E15**  
New estate with units of 6,450 sq.ft. ready in the autumn and a further 3 available in the spring of 1981. The whole estate will provide 234,000 sq.ft.

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- ✳ **Centre Link Industrial Estate, West Midlands**  
Between the city centre and spaghetti junction is a development of approximately 110,000 sq.ft.
- ✳ **Aston Birmingham**  
A new development which will provide about 30,000 sq.ft.
- ✳ **Stoke on Trent**  
A site of about six acres suitable for warehouse or industrial development.
- ✳ **Lockwood Park off Dewsbury Road, Leeds**  
Off the M1 motorway this recent development of factories and warehouses comprises of 86,000 sq.ft. of 9,800 sq.ft. units, 2 units are already let.
- ✳ **Manston Industrial Park Elland Road, Leeds**  
Situated to the South West of the city, close to the M62 and the Leeds Outer Ring Road, units totalling 80,000 sq.ft. are for sale or lease.
- ✳ **Tinsley Industrial Park, Shepcote Lane, Sheffield**  
Located North East of the City centre just half mile from junction 34 on the M1, units from 6,600 sq.ft. totalling 160,000 are available.
- ✳ **Yew Tree Trading Estate, Haydock, Manchester**  
Between Manchester and Liverpool on the A580 East Lancashire Road, 120,000 sq.ft. is being developed on the remaining 7 acres of this established site. Units are from 20,000 sq.ft.
- ✳ **Mancunian Way Industrial Estate, Manchester**  
Only one remaining unit of 24,400 sq.ft. is now available for rent.
- ✳ **Tyne Tunnel Trading Estate, Newcastle Upon Tyne**  
Half a mile from Tyne Tunnel the complex of 125 acres adjoins the A1 and A1058 Coast Road, has units from 3,000 sq.ft. to 30,000 sq.ft. available immediately.
- ✳ **Long-Benton Industrial Estate**  
This 20 acre estate only 4 miles from Newcastle City Centre has units from 4,000 sq.ft. to 15,000 sq.ft. available in late 1980-81.
- ✳ **Drum Industrial Estate Co. Durham**  
Newcastle is approximately 7 miles away from this established 120 acre estate. Units can be erected to specific requirements for sale or to lease.
- ✳ **Eastern Industrial Estate, Edinburgh**  
Strategically placed for new road proposals, this estate has units from 8,300 sq.ft. to 26,000 sq.ft.
- ✳ **Cunningham Road, Stirling**  
Offers in excess of £85,000 are invited for this 8,133 sq.ft. industrial/warehouse unit on 1.06 acres.
- ✳ **Howden Green Industrial Estate Newcastle Upon Tyne**  
Immediately adjoining the northern entrance to the Tyne Tunnel approximately 5 miles east of Newcastle City centre is the last remaining unit of 7,000 sq.ft.
- ✳ **Crewe**  
The site of 19.5 acres with rail siding facilities and recently approved Government proposals for a new link road to the M6 make this development well worth considering.
- ✳ **Wellington Bridge, Leeds**  
A superb single unit of 19,770 sq.ft. of warehouse and 4,425 of fully fitted offices are available close to the city centre.

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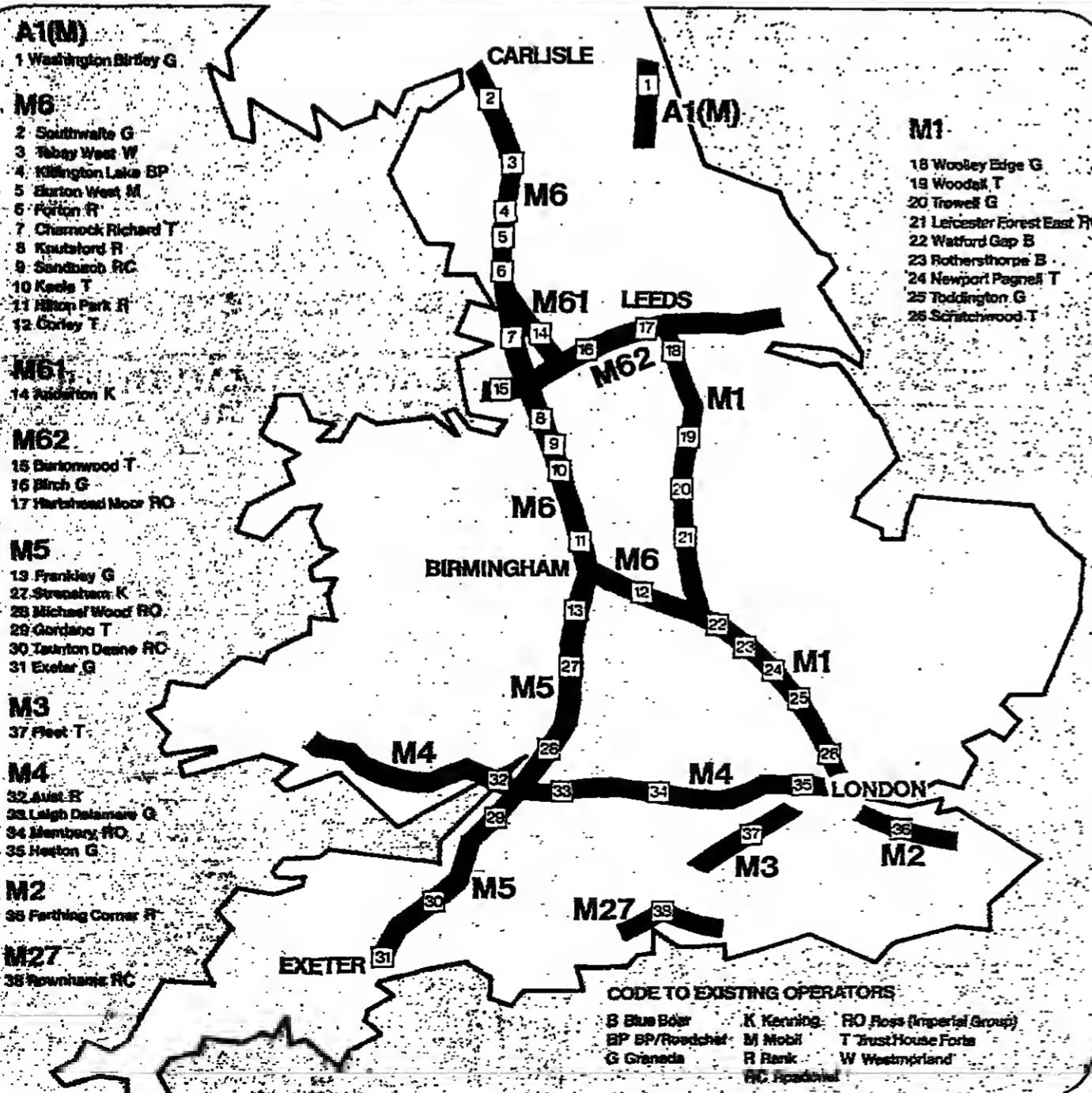
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# Australia may seek grain talks

CANBERRA — Peter Nixon, Australian primary industry minister, is considering visiting Bob Berglund, U.S. Agriculture Secretary, to discuss the U.S. embargo of grain sales to the Soviet Union, a department spokesman said.

The Australian Government is currently reconsidering its position on the embargo.

So far, Australia has complied with the U.S. request to grain export nations not to make any sales which would make up any shortfall in Soviet supplies stemming from the embargo imposed in January.

Earlier this week a delegation representing Australian grain exporters met Mr. Nixon to express concern that Australia may lose substantial sales opportunities if there is not some early clarification of the country's future grain exporting policy.

In Argentina, meanwhile, it is expected that the Soviet Union will buy virtually all the 3m tonnes of maize available for export this year.

However, the crop was badly hit by the drought and subsequent rains and flooding. Final trade estimates are for production of 6.2m to 6.3m tonnes against 6.7m in 1979-80.

Argentina's 1979-80 soyabean output is forecast to fall to around 3.1m tonnes from the previous season's 3.7m grain traders said. Reports of the harvest, now under way, are showing poor yields compared to 1979-80.

The decline in this year's crop will mean a fall in exports to around 2m tonnes from last year's 2.8m.

# Lead and zinc prices fall

LEAD and zinc prices fell heavily on the London Metal Exchange yesterday, following a gloomy forecast of prospects for the year ahead by the big West German metals producer, Preussag.

Joerg Stegmann, a member of the Preussag managing board, forecast at the group's annual meeting in Hanover that lead, zinc and silver prices were more likely to continue falling than climb in 1980.

He said his predictions were based on developments in the U.S. car and construction industries. It remained to be seen, he added, whether falling U.S. interest rates would succeed in boosting the U.S. economy and with it metal prices.

Mr. Stegmann noted that lead and zinc supplies are unlikely to be seriously affected by world political uncertainties since production of the metals was widely spread.

However, Guenther Sassmannshausen, chairman of the Preussag managing board, warned that the group will have to consider closing its lead smelters at Harz and Nordenham if proposed air pollution regulations now under con-

# Upturn on cocoa market

By Our Commodities Staff

COCOA VALUES bounced higher on the London market yesterday in what dealers saw as a technical reaction against the recent sustained decline. Following a \$2 increase in the July futures position on Wednesday, which ended a six-day decline which had wiped more than \$100 a tonne of the price, July cash prices gained another \$30 to \$1,082.5.

Meanwhile in Geneva it was announced that a meeting, believed to be aimed at keeping the International Cocoa Agreement alive, is to be held today.

The two-day meeting follows intensive consultations with producers and consumers by Mr. Gamani Corea, secretary-general of the UN Committee on Trade and Development (UNCTAD).

Negotiations on a new cocoa pact under the auspices of UNCTAD, failed in Geneva earlier this year and it was not even agreed to extend the old pact, which ran out on April 1.

UNCTAD legal experts believe, however, that the pact can still be revived.

On the consumer side EEC development commissioner, M. Claude Cheysson, U.S. trade official Mr. Mike Smith, a delegate from Canada and representatives from two other countries will be attending. It is not known for certain which producing countries will be represented but the Ivory Coast is believed to be among them.

# COMMON AGRICULTURAL POLICY

## Mr. Walker's flank attack

By JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

IT IS becoming clear that while Mr. Thatcher is gathering the headlines with her attack on the British contribution to the EEC budget, Mr. Peter Walker, Minister of Agriculture, is attempting to execute a flank attack on the Common Agricultural Policy. In a number of speeches over the last few months, he and his Minister of State, Alick Buchanan-Smith, have been saying that the only solution to the Community's milk surplus is to make those countries which are responsible for increased milk production pay for it.

This is a fundamental attack on the principles of the Treaty of Rome, which lays down in its uncertain terms, that the Common Agricultural Policy must exactly what it said. There would be no national policies, and there could be no national surpluses, only Community ones. This is the principle to which Britain subscribed on signing the Treaty, and any change would mean in effect standing the CAP on its head.

Mr. Walker's campaign is warmly supported by British farmers who, like him, don't really understand the basis of the CAP. They repeatedly claim, as Britain is a deficit country, that surpluses are no concern of theirs, and belong to the other side of the Channel. Any proposition to help pay for them with the help of co-responsibility

levies which bear on the price here are denounced as unfair. On the face of it Mr. Walker's suggestion, which means in effect a sort of national quota, is entirely reasonable. But then the EEC arrangements covering the CAP have never been administered by reasonable men, but by a council of Ministers representing constituencies of farmers whose only interest in the Common Market is what they can get out of it.

The truth is that apart from sugar beet, which is subject to a quota in national terms, the guaranteed section of the CAP is open-ended. Milk is the most, about £3m or £120 per community cow a year. This is because only about 40 per cent of milk products are actually sold within the Community at the guaranteed price. The balance, whether exported to Russia or elsewhere, is turned into animal feed or whatever, all has to be subsidised.

Some countries' farmers and their economies are heavily dependent on these subsidies. Particularly the Irish, Dutch and French. Their exchequers don't have to find the cash, in fact probably would not be able to on such easy terms as at present.

They again why should Mr. Walker's suggestion be confined to milk. What about wine, oil and fats, to say nothing of tobacco. Once the principle of

national responsibility has been established what will happen to the CAP? And then ask the interested parties, with their crocodile tears pouring down their cheeks, what will happen to the unity of Europe? Somehow I don't think the unity of Europe, in which I believe as much as anyone, is or even should be, dependent on the bought favours of a farming community, unlikely to vote Communist in any event.

But even if you accept the basic sense in Mr. Walker's suggestion, the practical difficulties of applying his principles are formidable. He is in effect demanding a quota system. So much milk will be supported by EEC, the Community farm fund and the balance would be sold at realisation and either the farmer or the National Exchequer would have to find the money.

It is ironic to note that the only Community country in which quotas could be administered is the UK, where all milk is sold through a monopoly marketing board. Elsewhere in the Community, except perhaps in Holland where there are but two milk co-operatives, there are a multiplicity of buying and processing outlets which would make the administration of any quota scheme extremely difficult if not impossible.

But under any sort of quota scheme the UK would come off

fairly well being only about 70 per cent self sufficient in milk products. Everything produced here could be sold without subsidy, which is probably why Mr. Walker is pushing his ideas with such determination.

A quota scheme would have the advantage of impressing upon the country or the individual farmer that any increase in his production would have to be paid for by a sharply reduced price. A co-responsibility levy such as the Commission tries to impose reduces returns to such an infinitesimal degree while spread over the whole industry that all it does is to stimulate more efficiency which means more milk.

His suggestions are I believe more worthy of attention than the rather gimmicky appointments he has been making in marketing etc. They should be seen in the context of the Government's determination to get the budgetary cost of EEC membership down and to reform the CAP which is the real cost of the former.

By putting forward the suggestion that national resources should fund Community surpluses Mrs. Thatcher and the British Government is making it perfectly clear how any reduction in the British contribution should be financed. And with the threat of Giscard d'Estaing to raise French prices in Brussels it looks as though a start is being made.

# Apple growers ban Brussels protest

By Our Commodities Staff

APPLE GROWERS from all parts of England will be going to Brussels next Tuesday to lobby a meeting of European fruit and vegetable growers and to hand in petitions at the EEC Commission and to the agricultural committee of the EEC Parliament.

The object of the demonstration, led by Mr. Dan Neuteboom, chairman of the National Growers' Union, is to emphasise in the rest of the community the seriousness of the current crisis among English growers because of Continental imports, particularly from France.

# Low quality potato imports attacked

By RICHARD MOONEY

BRITAIN'S POTATO Marketing Board is worried about the effect of imports on the home market following the ending of national health restrictions.

Until this year the UK market has remained closed to Continental imports until June 12 under Government plant health regulations. But the adoption of EEC regulations from May 1 meant the end of these restrictions and opened the door to a serious challenge from other Common Market suppliers.

The PMB's chairman, Mr. Geoffrey Grantham, said in London yesterday he was confident British growers could meet this challenge. "We have a better product," he declared, "and we must present it as it should be presented."

But he said action was needed to prevent the importing of sub-

# Sugar prices lose ground

By Our Commodities Staff

WORLD SUGAR prices lost ground yesterday despite a late rally which lifted values well off the lows. In the morning the London daily raw sugar price was fixed \$25 down at \$37.7 a tonne and on the London futures market the August position fell to \$367 at one time. But after a wave of buying near the close August sugar ended only \$24.75 down at \$379.15 a tonne.

Dealers said the earlier sell-off was seen as a technical reaction following the recent sustained rise which had lifted prices of 5-10 year peaks.

For certain which producing countries will be represented but the Ivory Coast is believed to be among them.

# Bigger EEC worries food trade

By A CORRESPONDENT

FOOD MANUFACTURERS are worried that expansion of the Common Market may disrupt their raw material supplies. They fear that new tariff walls to protect farmers in Greece, Spain and Portugal, could shut out imports traditionally acquired outside the Community.

Mr. Alex McCumpha, purchasing manager for the Nestle Company, expressed the industry's anxiety at a food manufacturers' conference in London yesterday. He warned that new market controls to support agriculture in the three applicant states could damage the interests of UK food manufacturers.

Processors' requirements were often very specific, he pointed out, and could not necessarily be found within the Community. Equally important the quantities they needed were often very small, and so could not be said to add significantly to EEC surpluses of similar products.

Yet these needs could well be ignored by the imposition of import taxes on particular foods, which failed to distinguish between the varieties in which they were bought by processors.

This danger was particularly acute in the fruit and vegetable sector, said Mr. McCumpha.

An additional worry for manufacturers is that expanded market support for crops grown in the applicant states could hamper the flow of foods for processing.

"There is a danger that EEC enlargement negotiations will be based on fresh market standards for table quality," said Mr. McCumpha. Producers of high quality food specifically for the guaranteed market of the intervention store rather than sell to the processor.

Proposals to introduce a tax on imports of oils and fats to alleviate the Community's potentially big olive oil surplus were condemned by Mr. McCumpha. This suggestion has recently been rejected by the EEC Commission, but may well be revived in negotiations with Spain, become more detailed.

# Janan buys less Soviet cotton

OSAKA — Japanese trading houses have concluded negotiations with a visiting Soviet mission to buy a total of 20,000 to 25,000 tonnes of raw cotton for shipment in the second half of this year.

Most of the cotton will be shipped in the October-December period at \$2.10 a tonne, cif, with the remainder to the July-September period at \$2.20.

The contracted volume is smaller than 25,000 to 30,000 tonnes Japan bought for shipment in the first half and follows active domestic Soviet demand.

Japan buys Soviet raw cotton on a half yearly basis, Reuters

## BRITISH COMMODITY MARKETS

COPPER—Essex on the London Metal Exchange. After opening at £19.19 forward metal moved up to touch £20 in the morning range following good cash buying before closing to £19.50.				
	a.m.	o.p.	p.m.	
TIN	Official	Unofficial		
High Grade	£ 40.00	£ 40.00	£ 40.00	£ 40.00
Low Grade	£ 38.00	£ 38.00	£ 38.00	£ 38.00
Standard	£ 39.00	£ 39.00	£ 39.00	£ 39.00
5 months	£ 39.50	£ 39.50	£ 39.50	£ 39.50
3 months	£ 39.00	£ 39.00	£ 39.00	£ 39.00
1 month	£ 38.50	£ 38.50	£ 38.50	£ 38.50
5 months	£ 38.00	£ 38.00	£ 38.00	£ 38.00
3 months	£ 37.50	£ 37.50	£ 37.50	£ 37.50
1 month	£ 37.00	£ 37.00	£ 37.00	£ 37.00
5 months	£ 36.50	£ 36.50	£ 36.50	£ 36.50
3 months	£ 36.00	£ 36.00	£ 36.00	£ 36.00
1 month	£ 35.50	£ 35.50	£ 35.50	£ 35.50
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3 months	£ 4.50	£ 4.50	£ 4.50	£ 4.50
1 month	£ 4.00	£ 4.00	£ 4.00	£ 4.00
5 months	£ 3.50	£ 3.50	£ 3.50	£ 3.50
3 months	£ 3.00	£ 3.00	£ 3.00	£ 3.00
1 month	£ 2.50	£ 2.50	£ 2.50	£ 2.50
5 months	£ 2.00	£ 2.00	£ 2.00	£ 2.00
3 months	£ 1.50	£ 1.50	£ 1.50	£ 1.50
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5 months	£ 0.50	£ 0.50	£ 0.50	£ 0.50
3 months	£ 0.00	£ 0.00	£ 0.00	£ 0.00
1 month	£ -0.50	£ -0.50	£ -0.50	£ -0.50
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5 months	£ -62.50	£ -62.50	£ -62.50	£ -62.50
3 months	£ -63.00	£ -63.00	£ -63.00	£ -63.00
1 month	£ -63.50	£ -63.50	£ -63.50	£ -63.50
5 months	£ -64.00	£ -64.		

## Companies and Markets

## LONDON STOCK EXCHANGE

## Equity leaders steadier following pleasing results from Courtaulds and Beecham—Gilts trade quietly

**Account Dealing Dates**  
Options  
First Declared Last Account  
Dealing Date  
May 12 May 28 May 30 June 9  
June 2 June 12 June 23  
June 26 June 27 July 7  
New time deals may take  
place from 9 am two business  
days earlier.

Preliminary profits in excess of market estimates from Courtaulds and then Beecham restored a little confidence to leading equities as they neared the end of a rather depressing long holiday trading account yesterday. Repeated warnings from top-name companies and economic forecasting groups have discouraged investment interest recently and, prior to yesterday, the equity sectors had displayed dullness for nine consecutive sessions.

Limited bear covering after yesterday was responsible for leading industrials trending a shade firmer, but the market soon began to look ragged in the absence of any genuine interest. Boosted by the Courtaulds and Beecham statements, however, jobs marked prices a few pence higher and, although trading was extremely slow, most questions held at or near the enhanced levels. Measuring the better tone, the F.T. 30-share index ended 1.2 up at 417.8, after showing a loss of 0.7 at the noon session.

For remaining equities, it was another quiet day, but relief from the prevailing tedium was provided by a steady stream of company trading statements. Among the sectors Oils became a little more lively, interest here being generated by Lasso following the chairman's reassuring statement on Ninian production estimates and Carless Capel and Candee after the Family Grove drilling report. Recent high fliers in Electronics such as Farnell and Electrocomp were under renewed selling pressure, while Mail Orders were adversely affected by the chairman of Freeman's gloomy statement about trading prospects.

Brokers' predictions that a cut in M.L.R. is unlikely before late September or early-October and a fresh reaction in sterling following yesterday's sharp recovery in the dollar, combined to deter investment interest in British funds. The shorts, however, made modest headway with sentiment helped by reports of still declining U.S. Prime Rates. Despite a small volume of business, closing improvements here ranged to 1 with Exchequer 3 per cent 1984 applications for the new low coupon Treasury 3 per cent 1985 issue were allotted in full at the

minimum tender price of 589 and dealings in the stock begin this morning. Switching operations comprised much of the trade at the longer end of 20 to 25 years, but the tendency was a shade easier. Cheap buyers began operating after the official close, however, and the losses were occasionally recovered.

The new two-way Preference issues of identical coupon and maturity. Folkestone and District North Surrey, made quiet debuts and closed at 12½ in £10-paid form.

The introduction of two new series failed to increase demand for Traded Options. A total of 497 deals were completed, of which 128 were done in Courtaulds following the preliminary statement.

Conditions in the Banking sector were extremely quiet with movements generally limited to a few pence either way. Discounts were unimpaired with Alexander's closing 8 up at 248½ and Union 5 higher at 455½. Allen Harvey and Ross ended 5 lower at 355½. In merchant banks, Henry Ansbacher softened a fraction to 15½ following the results, but Minister Assets held firm at 41½ awaiting today's preliminary statement. Fading hopes of an early cut in interest rates prompted dullness in Hire Finance. Wages Finance dipped 2 to 43½ and FNCC gave up 1½ to 173½.

Once again, the trend in Insurance was to lower level. Comment on the first-quarter figures caused Phoenix, at 218½, to lose the previous day's rise of 2 to 240½ along with GRE, at 250½. Among Lloyds brokers, Stewart Whitham came on offer at 185½, down 5.

Under pressure earlier in the week, Greenall Whitley 188½, rallied to close 7 better on the day following the pleasing first-half results. Other Breweries displayed an irregular appearance. Allied attracted interest and gained a couple of pence to 78½, but was unsettled by the slightly disappointing mid-term performance and shed 3 for a two-day loss of 8 at 214½. Among regional issues, Vaux eased 3 to 155½, but following yesterday's sharp recovery in the dollar, combined to deter investment interest in British funds. The shorts, however, made modest headway with sentiment helped by reports of still declining U.S. Prime Rates. Despite a small volume of business, closing improvements here ranged to 1 with Exchequer 3 per cent 1984 applications for the new low coupon Treasury 3 per cent 1985 issue were allotted in full at the

252½. Richards and Wallington dropped 11 to 41½ awaiting news of the annual meeting, while Brown and Jackson gave up 10 more for a two-day fall of 20 to 128½ following Press comment on the proposed £3.8m cash call. Edward Jones (Contractors) was unmoved at 13½ despite the reduced annual deficit. In Timbers, Montague L. Meyer added 4 to 91½.

ICI hardened a couple of pence to 352½, after 354½, on end-account technical influences. Among other Chemicals, International Paint replied to the good preliminary results with a gain of 4 to 67½ and Coalite improved

remained dull. Electrocomponents gave up 8 more at 490½, and similar falls were sustained by Farnell, 250½, and Unitech, 294½. Unilever Scientific dipped 10 to 430½, but in contrast

Automated Security attracted interest and rose 7 to 250½, while Laurence Scott moved up 5 to 64½. BICC eased a couple of pence to 100½ following the chairman's warning about current trading.

Capper Nell, up 4 at 53½, in response to better-than-expected results, helped relieve some of the gloom currently engulfing the engineering sector. Babcock International, however, fell 4

Gulliver Associates had increased their stake in the company to nearly 10 per cent helped arrest the recent decline in Alpine Holdings which closed 4 better at 62½. Despite lower profits, Sangers rose 5 to 56½. ICI's half-year figures were at first demand disappointing and the shares eased 3 to 12½ but a rally after appraisal induced a rally which left a close of 130½, a net improvement of a penny. Still reflecting the Board's warning that its prospects forecast will be difficult to achieve, Spring Grove Securities eased 3 more making a two-day release of 14 at 51½. Sketchily, due to

announced preliminary figures on Tuesday, fell 6 to 244½ in sympathy. Comment on the disappointing profits prompted a fresh recovery of 13 to 255½ in Alfred Donhill.

Coral Leisure reverted from 62½ to the overnight level of 58½ following the chairman's cautious remarks at the annual meeting.

Among advertising issues, Brunner was marked 3 lower at 52½ to 12½ following the withdrawal of a recent buyer. Interest in Oils centred around Lasso which became active and touched 668½ before settling at 653½ for a net gain of 23 after the chairman's reassuring statement about recent production estimates for the Ninian oil field at the annual general meeting. Premier added 3½ to 91½, after 82½, in sympathy, while Cavoods, which holds a 12½ per cent stake in the Lasso, rose 6 to 185½. In sharp contrast, onshore

explorers, Carless Capel, 129½, and Candee, 138½, gave up 4 and 6 respectively despite the latest Rumbly Grove drilling report which indicated that the well was capable of producing commercial quantities. Other Oils tended to soften with British Petroleum easing 6 to 332½. Shell, however, held at 374½, but Tricentral, and Ultramar both lost 4 to the common price of 338½.

International meat traders, Thomas Northwick, fell 6 to 36½ on the first-half loss and dividend omission. Elsewhere in Overseas Traders, Warren Plantations gained the turn to 175½ following the increased profits

and dividend. Preliminary earnings in excess of market estimates and relief over the maintained dividend generated a good business in Courtaulds which closed 3 up at 72½, after 73½.

News of increasing civil unrest in South Africa, bringing back memories of the Soweto riots and the Steve Biko affair which caused heavy falls in South African shares in 1976 and 1977, cast a shadow over the South African Financials. The S.A. index in the bullion price to \$515.50 an ounce was a further, although much less significant, influence on the market.

The market held steady for most of the afternoon but fell further in the after-hour's trade following American offerings. The Gold Mines Index registered a 7.9 fall to 324.4. Among the heavyweights, Randfontein were particularly hit and dropped almost £3 to £284.

South African Financials registered widespread falls. Gold Fields of South Africa dipped a point to £34. "Anglo" 1 to £33 and Anglo American Corporation 10 to 570½.

Nervousness over the South African civil unrest upset Platinum where Impala gave up 14 to 260½ and Rustenburg 10 to 200½.

Energy stocks continued to dominate activity in Australians. Strata Oil met with heavy speculative demand for the third consecutive day and jumped 7 moves to 31½—closing at 31½ on Tuesday morning—still reflecting the gas find in the Perth Basin of Western Australia. Haema Gold and North West, which holds 16.8 per cent and 25 per cent respectively in Strata, both improved in sympathy. Haema advanced 3 to 70½ and North West 4 to 80½.

The Rumble twins responded to favourable Press mention. Central Pacific added nearly a point to a 1980 high of £39, while Southern Pacific put on a half-point to £11.

Properties continued lower on small selling in the absence of support. Land Securities losing 4 to 330½ and MEPC 3 to 302½. Property Security Investment dipped 1 to 175½ following the withdrawal of a recent buyer.

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## FINANCIAL TIMES STOCK INDICES

	May 29	May 28	May 27	May 26	May 25	May 24	Year ago
Government Secs.	67.87	68.05	68.38	68.06	67.54	67.68	78.91
Fixed Interest	68.43	68.48	68.56	68.18	68.09	68.00	75.16
Industrial	417.8	416.6	480.0	483.5	485.5	483.3	513.6
Gold Mines	384.4	382.2	381.2	381.2	381.2	381.2	381.2
Ord. Div. Yield	5.81	5.81	5.81	5.81	5.81	5.81	5.81
Earnings/Ord. Div. (x100)	80.88	80.88	80.88	80.88	80.88	80.88	80.88
P/E Ratio (x100)	18.561	18.561	18.561	18.561	18.561	18.561	18.561
Equity Turnover (x100)	36.37	36.37	36.37	36.37	36.37	36.37	36.37
Equity Margins	18.561	18.561	18.561	18.561	18.561	18.561	18.561

10 am 415.8, 11 am 412.4, Noon 415.3, 1 pm 416.8, 2 pm 417.7, 3 pm 417.5.  
Lastest Index 01-246 8025.  
Nil=6.44.

Base 100 Govt. Secs. 15/10/76. Fixed Int. 1928. Industrial Ord. 1/7/75. Gold Mines 12/8/76. SE Activity, July-Dec. 1942.

## HIGHS AND LOWS

	1980	Since Completion	May 29	May 28
Govt. Secs.	68.85	127.4	49.18	116.5
Fixed Int.	68.81	127.4	49.18	116.5
Ind. Ord.	417.8	127.4	49.18	116.5
Gold Mines	384.4	127.4	49.18	116.5

## NEW HIGHS AND LOWS FOR 1980

	1980	Since Completion	May 29	May 28
Govt. Secs.	68.85	127.4	49.18	116.5
Fixed Int.	68.81	127.4	49.18	116.5
Ind. Ord.	417.8	127.4	49.18	116.5
Gold Mines	384.4	127.4	49.18	116.5

## LONDON TRADED OPTIONS

	July			Oct.			Jan.		
Option	Ex'rcise price	Closing offer	Vol.	Closing offer	Vol.	Closing offer	Vol.		
BP	350	14	3	27	—	40	—		
BP	400	6	1	16	—	—	—		
Cons. Gold	460	56	3	59	1	74	5		
Cons. Gold	500	15	38	38	—	54	—		
Cons. Gold	550	5	40	18	—	—	—		
Courtaulds	50	13	41	14	4	151	—		
Courtaulds	70	3 1/2	75	7	—	3 1/2	—		
Courtaulds	80	1 1/2	8	4 1/2	—	—	—		
CIC	300	3 1/2	—	11	—	32	1		
Granat Met.	120	12	5	17	—	82 1/2	—		
Granat Met.	120	5 1/2	—	11 1/2	2	16	18		
Granat Met.	140	1	—	—	5	—	—		
ICI	330	34	—	45	—	53	—		
ICI	350	14	13	32	—	24	1		
ICI	380	3	3	11	14	—	—		
Land Secs.	280	—	—	6	—	66	—		
Land Secs.	300	33	11	38	—	44	—		
Land Secs.	330	13	48	12	—	27	—		
Land Secs.	360	3 1/2	51	15	—	47	—		
Land Secs.	400	10	5	13	1	10 1/2	2		
Marcks & Sp.	90	2 1/2	—	7	—	30	8		
Shell	390	10	—	20	—	32	17		
Totals			319		36		32		
		August		November		February			
Imperial Gp.	70	7 1/2	—	—	—	15	7		
Imperial Gp.	80	7	5	3 1/2	—	16	10		
Lohrre	70	14 1/2	—	13	—	13 1/2	—		
Lohrre	80	6	1	8	—	11 1/2	—		
Lohrre	90	3	20	3	—	7	—		
P. & D.	100	13	20	25 1/2	—	23 1/2	—		
P. & D.	110	10	7	16	8	17	—		
RTZ	630	35	2	78	—	—	—		
RTZ	360	33	30	49	—	85	—		
Totals			86		8		32		





## BRITISH FUNDS

High	Low	Stock	Price	% Chg	Yield
97.5	97.0	British Funds	97.25	+0.25	4.5
97.5	97.0	British Funds	97.25	+0.25	4.5
97.5	97.0	British Funds	97.25	+0.25	4.5
97.5	97.0	British Funds	97.25	+0.25	4.5
97.5	97.0	British Funds	97.25	+0.25	4.5
97.5	97.0	British Funds	97.25	+0.25	4.5
97.5	97.0	British Funds	97.25	+0.25	4.5
97.5	97.0	British Funds	97.25	+0.25	4.5
97.5	97.0	British Funds	97.25	+0.25	4.5
97.5	97.0	British Funds	97.25	+0.25	4.5

## Five to Fifteen Years

High	Low	Stock	Price	% Chg	Yield
97.5	97.0	Five to Fifteen Years	97.25	+0.25	4.5
97.5	97.0	Five to Fifteen Years	97.25	+0.25	4.5
97.5	97.0	Five to Fifteen Years	97.25	+0.25	4.5
97.5	97.0	Five to Fifteen Years	97.25	+0.25	4.5
97.5	97.0	Five to Fifteen Years	97.25	+0.25	4.5
97.5	97.0	Five to Fifteen Years	97.25	+0.25	4.5
97.5	97.0	Five to Fifteen Years	97.25	+0.25	4.5
97.5	97.0	Five to Fifteen Years	97.25	+0.25	4.5
97.5	97.0	Five to Fifteen Years	97.25	+0.25	4.5
97.5	97.0	Five to Fifteen Years	97.25	+0.25	4.5

## Over Fifteen Years

High	Low	Stock	Price	% Chg	Yield
97.5	97.0	Over Fifteen Years	97.25	+0.25	4.5
97.5	97.0	Over Fifteen Years	97.25	+0.25	4.5
97.5	97.0	Over Fifteen Years	97.25	+0.25	4.5
97.5	97.0	Over Fifteen Years	97.25	+0.25	4.5
97.5	97.0	Over Fifteen Years	97.25	+0.25	4.5
97.5	97.0	Over Fifteen Years	97.25	+0.25	4.5
97.5	97.0	Over Fifteen Years	97.25	+0.25	4.5
97.5	97.0	Over Fifteen Years	97.25	+0.25	4.5
97.5	97.0	Over Fifteen Years	97.25	+0.25	4.5
97.5	97.0	Over Fifteen Years	97.25	+0.25	4.5

## Updated

High	Low	Stock	Price	% Chg	Yield
97.5	97.0	Updated	97.25	+0.25	4.5
97.5	97.0	Updated	97.25	+0.25	4.5
97.5	97.0	Updated	97.25	+0.25	4.5
97.5	97.0	Updated	97.25	+0.25	4.5
97.5	97.0	Updated	97.25	+0.25	4.5

## INTERNATIONAL BANK

High	Low	Stock	Price	% Chg	Yield
97.5	97.0	INTERNATIONAL BANK	97.25	+0.25	4.5

## CORPORATION LOANS

High	Low	Stock	Price	% Chg	Yield
97.5	97.0	CORPORATION LOANS	97.25	+0.25	4.5
97.5	97.0	CORPORATION LOANS	97.25	+0.25	4.5
97.5	97.0	CORPORATION LOANS	97.25	+0.25	4.5
97.5	97.0	CORPORATION LOANS	97.25	+0.25	4.5
97.5	97.0	CORPORATION LOANS	97.25	+0.25	4.5

## COMMONWEALTH AND AFRICAN LOANS

High	Low	Stock	Price	% Chg	Yield
97.5	97.0	COMMONWEALTH AND AFRICAN LOANS	97.25	+0.25	4.5
97.5	97.0	COMMONWEALTH AND AFRICAN LOANS	97.25	+0.25	4.5
97.5	97.0	COMMONWEALTH AND AFRICAN LOANS	97.25	+0.25	4.5
97.5	97.0	COMMONWEALTH AND AFRICAN LOANS	97.25	+0.25	4.5
97.5	97.0	COMMONWEALTH AND AFRICAN LOANS	97.25	+0.25	4.5

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High	Low	Stock	Price	% Chg	Yield
97.5	97.0	LOANS	97.25	+0.25	4.5
97.5	97.0	LOANS	97.25	+0.25	4.5
97.5	97.0	LOANS	97.25	+0.25	4.5
97.5	97.0	LOANS	97.25	+0.25	4.5
97.5	97.0	LOANS	97.25	+0.25	4.5

## Public Bond and Ind.

High	Low	Stock	Price	% Chg	Yield
97.5	97.0	Public Bond and Ind.	97.25	+0.25	4.5
97.5	97.0	Public Bond and Ind.	97.25	+0.25	4.5
97.5	97.0	Public Bond and Ind.	97.25	+0.25	4.5
97.5	97.0	Public Bond and Ind.	97.25	+0.25	4.5
97.5	97.0	Public Bond and Ind.	97.25	+0.25	4.5

## FINANCIAL TIMES

PUBLISHED IN LONDON &amp; FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY

Telex: Editorial 895487. Advertisements: 885033. Telegrams: Financials, London.

Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankfurter 66-72, 6000 Frankfurt-am-Main 1

Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7998 234. Commercial 7998 1

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## FT SHARE INFORMATION SERVICE

## LOANS—Continued

High	Low	Stock	Price	% Chg	Yield
97.5	97.0	LOANS—Continued	97.25	+0.25	4.5
97.5	97.0	LOANS—Continued	97.25	+0.25	4.5
97.5	97.0	LOANS—Continued	97.25	+0.25	4.5
97.5	97.0	LOANS—Continued	97.25	+0.25	4.5
97.5	97.0	LOANS—Continued	97.25	+0.25	4.5

## FOREIGN BONDS &amp; RAILS

High	Low	Stock	Price	% Chg	Yield
97.5	97.0	FOREIGN BONDS & RAILS	97.25	+0.25	4.5
97.5	97.0	FOREIGN BONDS & RAILS	97.25	+0.25	4.5
97.5	97.0	FOREIGN BONDS & RAILS	97.25	+0.25	4.5
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97.5	97.0	FOREIGN BONDS & RAILS	97.25	+0.25	4.5

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High	Low	Stock	Price	% Chg	Yield
97.5	97.0	AMERICANS	97.25	+0.25	4.5
97.5	97.0	AMERICANS	97.25	+0.25	4.5
97.5	97.0	AMERICANS	97.25	+0.25	4.5
97.5	97.0	AMERICANS	97.25	+0.25	4.5
97.5	97.0	AMERICANS	97.25	+0.25	4.5

## Over Fifteen Years

High	Low	Stock	Price	% Chg	Yield
97.5	97.0	Over Fifteen Years	97.25	+0.25	4.5
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97.5	97.0	Over Fifteen Years	97.25	+0.25	4.5

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97.5	97.0	Public Bond and Ind.	97.25	+0.25	4.5
97.5	97.0	Public Bond and Ind.	97.25	+0.25	4.5
97.5	97.0	Public Bond and Ind.	97.25	+0.25	4.5

## BANKS &amp; HP—Continued

High	Low	Stock	Price	% Chg	Yield
97.5	97.0	BANKS & HP—Continued	97.25	+0.25	4.5
97.5	97.0	BANKS & HP—Continued	97.25	+0.25	4.5
97.5	97.0	BANKS & HP—Continued	97.25	+0.25	4.5
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97.5	97.0	BANKS & HP—Continued	97.25	+0.25	4.5

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97.5	97.0	AMERICANS	97.25	+0.25	4.5
97.5	97.0	AMERICANS	97.25	+0.25	4.5

## Over Fifteen Years

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97.5	97.0	Over Fifteen Years	97.25	+0.25	4.5
97.5	97.0	Over Fifteen Years	97.25	+0.25	4.5

## Updated

14	Banley Ben 10p.	18	.....	101.2	4.4	9
104	Barratt Dev. 10p	104	.....	110.26	4.1	14
19	Beechwood 10p	21	-1/2	12.07	3.9	14
65	Bellway .....	66	.....	7.0	2.6	15
23 1/2	Benlok 20p.....	24	-1/2	.....	.....	.....
34	Benford M. 10p	40	-1	2.62	2.4	9
47	Bett Bros. 20p	43	.....	12.5	3.0	8

## INDUSTRIALS—Continued

[illegible]**INSURANCE—Continued**[illegible]**PROPERTY—Continued**

1930	Stock	Price	Chg	Vol	52 Wk High	52 Wk Low	P/E
123	262	82	-1	14.47	2.2	2.01	11.7
124	262	82	-1	14.47	2.2	2.01	11.7
125	262	82	-1	14.47	2.2	2.01	11.7
126	262	82	-1	14.47	2.2	2.01	11.7
127	262	82	-1	14.47	2.2	2.01	11.7
128	262	82	-1	14.47	2.2	2.01	11.7
129	262	82	-1	14.47	2.2	2.01	11.7
130	262	82	-1	14.47	2.2	2.01	11.7
131	262	82	-1	14.47	2.2	2.01	11.7
132	262	82	-1	14.47	2.2	2.01	11.7
133	262	82	-1	14.47	2.2	2.01	11.7
134	262	82	-1	14.47	2.2	2.01	11.7
135	262	82	-1	14.47	2.2	2.01	11.7
136	262	82	-1	14.47	2.2	2.01	11.7
137	262	82	-1	14.47	2.2	2.01	11.7
138	262	82	-1	14.47	2.2	2.01	11.7
139	262	82	-1	14.47	2.2	2.01	11.7
140	262	82	-1	14.47	2.2	2.01	11.7
141	262	82	-1	14.47	2.2	2.01	11.7
142	262	82	-1	14.47	2.2	2.01	11.7
143	262	82	-1	14.47	2.2	2.01	11.7
144	262	82	-1	14.47	2.2	2.01	11.7
145	262	82	-1	14.47	2.2	2.01	11.7
146	262	82	-1	14.47	2.2	2.01	11.7
147	262	82	-1	14.47	2.2	2.01	11.7
148	262	82	-1	14.47	2.2	2.01	11.7
149	262	82	-1	14.47	2.2	2.01	11.7
150	262	82	-1	14.47	2.2	2.01	11.7
151	262	82	-1	14.47	2.2	2.01	11.7
152	262	82	-1	14.47	2.2	2.01	11.7
153	262	82	-1	14.47	2.2	2.01	11.7
154	262	82	-1	14.47	2.2	2.01	11.7
155	262	82	-1	14.47	2.2	2.01	11.7
156	262	82	-1	14.47	2.2	2.01	11.7
157	262	82	-1	14.47	2.2	2.01	11.7
158	262	82	-1	14.47	2.2	2.01	11.7
159	262	82	-1	14.47	2.2	2.01	11.7
160	262	82	-1	14.47	2.2	2.01	11.7
161	262	82	-1	14.47	2.2	2.01	11.7
162	262	82	-1	14.47	2.2	2.01	11.7
163	262	82	-1	14.47	2.2	2.01	11.7
164	262	82	-1	14.47	2.2	2.01	11.7
165	262	82	-1	14.47	2.2	2.01	11.7
166	262	82	-1	14.47	2.2	2.01	11.7
167	262	82	-1	14.47	2.2	2.01	11.7
168	262	82	-1	14.47	2.2	2.01	11.7
169	262	82	-1	14.47	2.2	2.01	11.7
170	262	82	-1	14.47	2.2	2.01	11.7
171	262	82	-1	14.47	2.2	2.01	11.7
172	262	82	-1	14.47	2.2	2.01	11.7
173	262	82	-1	14.47	2.2	2.01	11.7
174	262	82	-1	14.47	2.2	2.01	11.7
175	262	82	-1	14.47	2.2	2.01	11.7
176	262	82	-1	14.47	2.2	2.01	11.7
177	262	82	-1	14.47	2.2	2.01	11.7
178	262	82	-1	14.47	2.2	2.01	11.7
179	262	82	-1	14.47	2.2	2.01	11.7
180	262	82	-1	14.47	2.2	2.01	11.7
181	262	82	-1	14.47	2.2	2.01	11.7
182	262	82	-1	14.47	2.2	2.01	11.7
183	262	82	-1	14.47	2.2	2.01	11.7
184	262	82	-1	14.47	2.2	2.01	11.7
185	262	82	-1	14.47	2.2	2.01	11.7
186	262	82	-1	14.47	2.2	2.01	11.7
187	262	82	-1	14.47	2.2	2.01	11.7
188	262	82	-1	14.47	2.2	2.01	11.7
189	262	82	-1	14.47	2.2	2.01	11.7
190	262	82	-1	14.47	2.2	2.01	11.7
191	262	82	-1	14.47	2.2	2.01	11.7
192	262	82	-1	14.47	2.2	2.01	11.7
193	262	82	-1	14.47	2.2	2.01	11.7
194	262	82	-1	14.47	2.2	2.01	11.7
195	262	82	-1	14.47	2.2	2.01	11.7
196	262	82	-1	14.47	2.2	2.01	11.7
197	262	82	-1	14.47	2.2	2.01	11.7
198	262	82	-1	14.47	2.2	2.01	11.7
199	262	82	-1	14.47	2.2	2.01	11.7
200	262	82	-1	14.47	2.2	2.01	11.7
201	262	82	-1	14.47	2.2	2.01	11.7
202	262	82	-1	14.47	2.2	2.01	11.7
203	262	82	-1	14.47	2.2	2.01	11.7
204	262	82	-1	14.47	2.2	2.01	11.7
205	262	82	-1	14.47	2.2	2.01	11.7
206	262	82	-1	14.47	2.2	2.01	11.7
207	262	82	-1	14.47	2.2	2.01	11.7
208	262	82	-1	14.47	2.2	2.01	11.7
209	262	82	-1	14.47	2.2	2.01	11.7
210	262	82	-1	14.47	2.2	2.01	11.7
211	262	82	-1	14.47	2.2	2.01	11.7
212	262	82	-1	14.47	2.2	2.01	11.7
213	262	82	-1	14.47	2.2	2.01	11.7
214	262	82	-1	14.47	2.2	2.01	11.7
215	262	82	-1	14.47	2.2	2.01	11.7
216	262	82	-1	14.47	2.2	2.01	11.7
217	262	82	-1	14.47	2.2	2.01	11.7
218	262	82	-1	14.47	2.2	2.01	11.7
219	262	82	-1	14.47	2.2	2.01	11.7
220	262	82	-1	14.47	2.2	2.01	11.7
221	262	82	-1	14.47	2.2	2.01	11.7
222	262	82	-1	14.47	2.2	2.01	11.7
223	262	82	-1	14.47	2.2	2.01	11.7
224	262	82	-1	14.47	2.2	2.01	11.7
225	262	82	-1	14.47	2.2	2.01	11.7
226	262	82	-1	14.47	2.2	2.01	11.7
227	262	82	-1	14.47	2.2	2.01	11.7
228	262	82	-1	14.47	2.2	2.01	11.7
229	262	82	-1	14.47	2.2	2.01	11.7
230	262	82	-1	14.47	2.2	2.01	11.7
231	262	82	-1	14.47	2.2	2.01	11.7
232	262	82	-1	14.47	2.2	2.01	11.7
233	262	82	-1	14.47	2.2	2.01	11.7
234	262	82	-1	14.47	2.2	2.01	11.7
235	262	82	-1	14.47	2.2	2.01	11.7
236	262	82	-1	14.47	2.2	2.01	11.7
237	262	82	-1	14.47	2.2	2.01	11.7
238	262	82	-1	14.47	2.2	2.01	11.7
239	262	82	-1	14.47	2.2	2.01	11.7
240	262	82	-1	14.47	2.2	2.01	11.7
241	262	82	-1	14.47	2.2	2.01	11.7
242	262	82	-1	14.47	2.2	2.01	11.7
243	262	82	-1	14.47	2.2	2.01	11.7
244	262	82	-1	14.47	2.2	2.01	11.7
245	262	82	-1	14.47	2.2	2.01	11.7
246	262	82	-1	14.47	2.2	2.01	11.7
247	262	82	-1	14.47	2.2	2.01	11.7
248	262	82	-1	14.47	2.2	2.01	11.7
249	262	82	-1	14.47	2.2	2.01	11.7
250	262	82	-1	14.47	2.2	2.01	11.7
251	262	82	-1	14.47	2.2	2.01	11.7
252	262	82	-1	14.47	2.2	2.01	11.7
253	262	82	-1	14.47	2.2	2.01	11.7
254	262	82	-1	14.47	2.2	2.01	11.7
255	262	82	-1	14.47	2.2	2.01	11.7
256	262	82	-1	14.47	2.2	2.01	11.7
257	262	82	-1	14.47	2.2	2.01	11.7
258	262	82	-1	14.47	2.2	2.01	11.7
259	262	82	-1	14.47	2.2	2.01	11.7
260	262	82	-1	14.47	2.2	2.01	11.7
261	262	82	-1	14.47	2.2	2.01	11.7
262	262	82	-1	14.47	2.2	2.01	11.7
263	262	82	-1	14.47	2.2	2.01	11.7
264	262	82	-1	14.47	2.2	2.01	11.7
265	262	82	-1	14.47	2.2	2.01	11.7
266	262	82	-1	14.47	2.2	2.01	11.7
267	262	82	-1	14.47	2.2	2.01	11.7
268	262	82	-1	14.47	2.2	2.01	11.7
269	262	82	-1	14.47	2.2	2.01	11.7
270	262	82	-1	14.47	2.2	2.01	11.7
271	262	82	-1	14.47	2.2	2.01	11.7
272	262	82	-1	14.47	2.2	2.01	11.7
273	262	82	-1	14.47	2.2	2.01	11.7
274	262	82	-1	14.47	2.2	2.01	11.7
275	262	82	-1	14.47	2.2	2.01	11.7
276	262	82	-1	14.47	2.2	2.01	11.7
277	262	82	-1	14.47	2.2	2.01	11.7
278	262	82	-1	14.47	2.2	2.01	11.7
279	262	82	-1	14.47	2.2	2.01	11.7
280	262	82	-1	14.47	2.2	2.01	11.7
281	262	82	-1	14.47	2.2	2.01	11.7
282	262	82	-1	14.47	2.2	2.01	11.7
283	262	82	-1	14.47	2.2	2.01	11.7
284	262	82	-1	14.47	2.2	2.01	11.7
285	262	82	-1	14.47	2.2	2.01	11.7
286	262	82	-1	14.47	2.2	2.01	11.7
287	262	82	-1	14.47	2.2	2.01	11.7
288	262	82	-1	14.47	2.2	2.01	11.7
289	262	82	-1	14.47	2.2	2.01	11.7
290	262	82	-1	14.47	2.2	2.01	11.7
291	262	82	-1	14.47	2.2	2.01	11.7
292	262	82	-1	14.47	2.2	2.01	11.7
293	262	82	-1	14.47	2.2	2.01	11.7
294	262	82	-1	14.47	2.2	2.01	11.7
295	262	82	-1	14.47	2.2	2.01	11.7
296	262	82	-1	14.47	2.2	2.01	11.7
297	262	82	-1	14.47	2.2	2.01	11.7
298	262	82	-1	14.47	2.2	2.01	11.7
299	262	82	-1	14.47	2.2	2.01	11.7
300	262	82	-1	14.47	2.2	2.01	11.7
301	262	82	-1	14.			

## INVESTMENT TRUSTS—Cont.

[illegible]

Fig. 1. *Phragmites australis* (A) and *Spartina patens* (B) in the marsh. A: *Phragmites australis* in the marsh. B: *Spartina patens* in the marsh.

[illegible]

**a fully integrated banking service**

**MINES—Continued**

Australian									
	Unit	Stock	Picks	Int. Net	Gr	1974			
21	Alcanex SML		25						
22	Amer. Nickel SML		25						
23	Bank Corp.		20	+2	102.26	2.2	1		
24	BHP SML		20		102.26	2.2	1		
25	Bushwattle I. Klm.		102						
26	Can. Nickel SML		25						
27	Canada Pacific		15						
28	Can. Resources SML		274		015.	2.2	2		
29	Cent. Pacific		25						
30	Eagle Corp. 10c		30						
31	Endeavour SML		22						
32	E. N. Vancouver SML		20						
33	Great Eastern		20						
34	Hambley Amer. 50c		20						
35	Harb. Nickel SML		25		3.5	2.8	1		
36	Leclachre Expln.		275						
37	Leclachre SML		275						
38	M.I.M. Hops. 50c		216						
39	Minerals Expl. 25c		15						
40	Minerals SML		25						
41	Minerals 20c		18						
42	N. Vancouver SML		20						
43	North B. Hill SML		25						
44	Sgt. Knapton		25						
45	West. Nickel SML		25						
46	W. West Mining SML		60						
47	West. Nickel SML		60						
48	West. Nickel SML		60						
49	West. Nickel SML		60						
50	West. Nickel SML		60						
51	West. Nickel SML		60						
52	West. Nickel SML		60						
53	West. Nickel SML		60						
54	West. Nickel SML		60						
55	West. Nickel SML		60						
56	West. Nickel SML		60						
57	West. Nickel SML		60						
58	West. Nickel SML		60						
59	West. Nickel SML		60						
60	West. Nickel SML		60						
61	West. Nickel SML		60						
62	West. Nickel SML		60						
63	West. Nickel SML		60						
64	West. Nickel SML		60						
65	West. Nickel SML		60						
66	West. Nickel SML		60						
67	West. Nickel SML		60						
68	West. Nickel SML		60						
69	West. Nickel SML		60						
70	West. Nickel SML		60						
71	West. Nickel SML		60						
72	West. Nickel SML		60						
73	West. Nickel SML		60						
74	West. Nickel SML		60						
75	West. Nickel SML		60						
76	West. Nickel SML		60						
77	West. Nickel SML		60						
78	West. Nickel SML		60						
79	West. Nickel SML		60						
80	West. Nickel SML		60						
81	West. Nickel SML		60						
82	West. Nickel SML		60						
83	West. Nickel SML		60						
84	West. Nickel SML		60						
85	West. Nickel SML		60						
86	West. Nickel SML		60						
87	West. Nickel SML		60						
88	West. Nickel SML		60						
89	West. Nickel SML		60						
90	West. Nickel SML		60						
Tins									
34	Alinta Nigeria Ltd		245		6.0	2.9	53		
35	Amer. Nickel SML		25		102.26	2.2	1		
36	Borak Tin		46		4.5	3.2	13		
37	Borakana SML		210		3.7	3.1	3		
38	Can. Nickel SML		25						
39	Cold & Blue 10c		103						
40	Cons. Refracto SML		274		125.0	1.8	9		
41	Endeavour SML		22		35.87	1.0	1		
42	Harb. Nickel SML		25		14.0	1.0	1		
43	Hongkong		102		20.0	1.0	1		
44	Leclachre SML		275		0.71	1.1	1		
45	Kumamoto SML 50c		78		0.07	1.1	1		
46	Leclachre SML		275		0.06	1.0	1		
47	Leclachre SML		275		0.06	1.0	1		
48	Leclachre SML		275		0.06	1.0	1		
49	Leclachre SML		275		0.06	1.0	1		
50	Leclachre SML		275		0.06	1.0	1		
51	Leclachre SML		275		0.06	1.0	1		
52	Leclachre SML		275		0.06	1.0	1		
53	Leclachre SML		275		0.06	1.0	1		
54	Leclachre SML		275		0.06	1.0	1		
55	Leclachre SML		275		0.06	1.0	1		
56	Leclachre SML		275		0.06	1.0	1		
57	Leclachre SML		275		0.06	1.0	1		
58	Leclachre SML		275		0.06	1.0	1		
59	Leclachre SML		275		0.06	1.0	1		
60	Leclachre SML		275		0.06	1.0	1		
61	Leclachre SML		275		0.06	1.0	1		
62	Leclachre SML		275		0.06	1.0	1		
63	Leclachre SML		275		0.06	1.0	1		
64	Leclachre SML		275		0.06	1.0	1		
65	Leclachre SML		275		0.06	1.0	1		
66	Leclachre SML		275		0.06	1.0	1		
67	Leclachre SML		275		0.06	1.0	1		
68	Leclachre SML		275		0.06	1.0	1		
69	Leclachre SML		275		0.06	1.0	1		
70	Leclachre SML		275		0.06	1.0	1		
71	Leclachre SML		275		0.06	1.0	1		
72	Leclachre SML		275		0.06	1.0	1		
73	Leclachre SML		275		0.06	1.0	1		
74	Leclachre SML		275		0.06	1.0	1		
75	Leclachre SML		275		0.06	1.0	1		
76	Leclachre SML		275		0.06	1.0	1		
77	Leclachre SML		275		0.06	1.0	1		
78	Leclachre SML		275		0.06	1.0	1		
79	Leclachre SML		275		0.06	1.0	1		
80	Leclachre SML		275		0.06	1.0	1		
81	Leclachre SML		275		0.06	1.0	1		
82	Leclachre SML		275		0.06	1.0	1		
83	Leclachre SML		275		0.06	1.0	1		
84	Leclachre SML		275		0.06	1.0	1		
85	Leclachre SML		275		0.06	1.0	1		
86	Leclachre SML		275		0.06	1.0	1		
87	Leclachre SML		275		0.06	1.0	1		
88	Leclachre SML		275		0.06	1.0	1		
89	Leclachre SML		275		0.06	1.0	1		
90	Leclachre SML		275		0.06	1.0	1		
Copper									
30	Messiah 20.50		1000	-4	100.00	4	13		
Miscellaneous									
34	Anglo-American		15	-5					
35	Bayer		26		0.62	1.0	1		
36	Bayer Mines 10p		35	+20	0.003	1.1	6		
37	Can. Nickel SML		25						
38	Northgate CS1		370	+5					
39	R.T.Z.		3600	+3	15.0	0.93	5.8		
40	Sabini Int'l Mines		32						
41	Sabini Int'l CS1		32						
42	Texas Export. 5p		420	+2					

## NOTES

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and Low noted that have been adjusted to allow for rights for cash, since increased or resumed, since reduced, paused or deferred, re to non-residents on application, or report awaited, and security at time of suspension, and dividend after pending scrip and/or rights issue; cover to previous dividends or forecasts, or bid or reorganization in progress, comparable, interim; reduced fund and/or reduced earnings indicated.

for conversion of shares not now ranking for:

does not allow for shares which may also rank for dividend at rate. No P/E ratio usually provided.  
turn a final dividend declaration.  
nal price.  
e value.  
Based on assumption Treasury Bill Rate stays unchanged until  
of stock. A Tax free. B Figures based on prospectus or other  
strate. C Costs. D Dividend rate paid or payable on part  
divided based on dividend on full capital. E Redemption yield.  
l, G Assumed dividend and yield. H Assumed dividend and  
e ratio. Issue. J Payment from capital sources. K Kenya  
Higher than previous total. L Rights issue pending.

Ratio based on latest annual earnings. <sup>a</sup>

over based on previous year's earnings. <sup>5</sup> Tax free up to \$1,000. <sup>6</sup> *W* = *W*ield allows for currency clause. <sup>7</sup> *Y* = *Y*ield and *Y*ield minus taxes. <sup>8</sup> *D* = *D*ividend and *Y*ield include a special provision for the application of the 1979-80 tax rates. <sup>9</sup> *P* = *P*rospectus or other official estimates for 1980-81. <sup>10</sup> *C* = *C*urrently assumed, *F* = *F*uture, *D* = *D*ividend and *Y*ield based on prospectus or other official estimates for 1979-80. <sup>11</sup> *A* = *A*ssumed dividend and *Y*ield after pending for rights issue. <sup>12</sup> *H* = *H*istorical and *Y*ield based on prospectus or rights issue estimates for 1980-81. <sup>13</sup> *K* = *K* figures based on prospectus estimates for 1979-80. <sup>14</sup> *M* = *M*arket and *Y*ield based on prospectus or other official estimates for 1980-81. <sup>15</sup> *N* = *N*ominal and *Y*ield based on prospectus or other official estimates for 1979-80. <sup>16</sup> *G* = *G*ross, *P* = *P*rospectus or other official estimates for 1978-79. <sup>17</sup> *G*ross, assumed. <sup>18</sup> *D* = *D*ividend total to date.

ex dividend;  $\pi$  ex scrip issue;  $\pi$  ex right  
distribution.

## REGIONAL MARKETS

This page contains a selection of London quotations of shares principally in regional markets. Prices of Irish issues, most of which are listed in London, are as quoted on the Irish exchange.

	29 18	-36			RHSN	
20p	418	+7			Covv. 9% 30/82	68%
stc 50p	48				Nat. 9% 30/84/89	17%
of £1	136 <sup>3</sup> / <sub>4</sub>				Lif. 12% 97/02	28%
	38	-1			AIR	
					Arnot	37%

18	Carroll (P.L.)	52
£147	Clonidine	120
800	Concrete Prods.	75

(H.)	480		Winters (Hedge)	260	+5
subset	490		Iris Corp.	270	-1
m.j.	125		Irish Rapco	280	+2
			Jacobs	290	-5
			T.M.C.		
			Unidore		

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## OPTIONS

### 3-month Call Rates

L.C.I.	32	Hut. Drapery	6
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4	1	7	Vicksburg
6	1	45	Woolworth
5		5	
12		15	

[illegible]

30	Road label	17	Tricycle
40	Sears	52	Umbrella
112	Tesco	7	

30	Baron	25	Stuenkel	
30	Trust Houses	25	Cummins Com.	
30	W. H. Invest.	25	Cons. Gold	
30	Hollander	25	Laurin	
30	U.S.T.	25	W. H. Ziegler	

A selection of Options traded is given on the -  
London Stock Exchange Report page

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Recent Issues" and "Rights" Page 40

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is available to every Company dealt in on Stock

...pay the United Kingdom tax a top of  
...tax amount for each security."

